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Indochina Development Aid Forum Meets in Tokyo

Conference Opens 26 Feb

OW2602032695 Tokyo KYODO in English 0224 GMT 26 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 26 KYODO—An international conference on development of Indo-Chinese countries opened Sunday [26 February] in Tokyo with the aim of coordinating donor countries' aid policies for Vietnam, Cambodia and Laos.

Representatives from 25 countries and nine international organizations are attending the forum for comprehensive development of Indochina at a Tokyo hotel to support the three countries which all seriously lack infrastructure and human resources due to years of political turmoil.

The conference, originally proposed by then Prime Minister Kiichi Miyazawa in January 1993, is the first ministerial-level meeting of its kind. A preparatory meeting was held in Tokyo in December 1993.

The two-day conference drew cabinet ministers from the three Indo-Chinese countries—Ing Huot, Cambodian minister for foreign affairs and international cooperation, Vietnamese Minister and chairman of the office of the government Le Xuan Trinh and Phao Bounnaphon, Laotian minister and chief of cabinet of the Prime Minister's Office.

Donors such as the United States, Australia, China and South Korea, as well as countries from the Association of Southeast Asian Nations (ASEAN), Asian Development Bank, World Bank and the European Union (EU) are participating in the conference.

Japanese Foreign Minister Yohei Kono opened the conference by pointing to the need for international cooperation in helping the development of Indochina since stability and development of the region are vital to the peace and prosperity of Asia as a whole.

"In addition, the success of the development efforts in the three countries will give a ray of hope to those who strive against political and economic difficulties dreaming of an age of stability and development," Kono said.

The three countries' planned participation in ASEAN also "provides every reason to cooperate" in their development and progress so they can contribute to the international community "as important stabilizing forces," he said.

The Cambodian, Vietnamese and Laotian ministers each called for international cooperation in developing the Indo-Chinese region in their opening remarks.

"This conference is particularly important as the Asia-Pacific region is shifting from confrontation to cooperation," Laotian Minister Phao said.

Cambodian Foreign Minister Ing Huot said international aid and advice to strengthen infrastructures and promote free trade regimes are important for the three Indo-Chinese countries which aim to become ASEAN members.

Vietnam's Trinh said stability of the region is important not only for Southeast Asia but for the rest of Asia.

Japanese Foreign Ministry officials said the conference aims to give "political impetus" to the international community's efforts for regional development of the three countries, whose economies lag behind their neighbors due to decades of internal turmoil.

But the meeting is unlikely to yield fresh pledges of financial assistance to the three countries, the officials said.

Instead, participants are expected to hammer out compendiums listing ongoing infrastructure and human development projects in Vietnam, Cambodia and Laos.

Such compendiums will enable the countries, donor nations and international organizations to understand the development situation of the region and effectively plan and implement their programs, they said.

The officials said they also hope the ministerial meeting will come to an agreement on setting up working groups to improve the compendiums.

Japan, the largest donor to all three Indo-Chinese nations, will announce its plan to beef up transportation networks in the region, such as building roads, bridges and airports, and call for cooperation from other donors, the officials said.

Japan disbursed an estimated 670 million dollars to Vietnam in 1994 and 39 million dollars to Cambodia in 1993. The aid to Laos was 25 million dollars in 1992, according to ministry figures.

Donors To Coordinate Aid

OW2702090495 Tokyo KYODO in English 0816 GMT 27 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—An international conference on development of Indochinese countries ended Monday [27 February] with participants agreeing to coordinate aid efforts for Vietnam, Cambodia and Laos to achieve a balanced development of the region, Foreign Ministry officials said.

Specifically, the participants at the Japan-sponsored Forum for Comprehensive Development of Indochina compiled compendiums listing the donors' ongoing or planned projects for infrastructure and human resource developments for the three countries, the officials said.

The compendiums, listing some 150 infrastructure projects and hundreds of human resources development programs, will enable the three Indochinese countries as well as aid donors to better understand the development situation in the region and effectively plan and implement their programs, they said.

Coordination based on the compendiums will be done at working groups which participants agreed to set up during the two days of discussions, they said.

The working groups on infrastructure development and human resource development will meet annually to update and improve the compendiums.

The conference, originally proposed by then Prime Minister Kiichi Miyazawa in January 1993, was the first ministerial-level meeting of its kind. Japan hosted a preparatory meeting in December 1993.

Pledges of financial assistance to the three Indochinese countries were not made during the two-day meeting because the aim was to give "political impetus" to the international community's efforts for the regional development of the countries whose economies lag behind due to decades of political turmoil.

Representatives from 25 countries including France, Australia, and China as well as countries from the Association of Southeast Asian Nations (ASEAN), nine international organizations such as the World Bank and the Asian Development Bank and the European Union attended the conference at a Tokyo hotel.

The United States attended the forum as an observer, due to its policy of limiting aid to communist countries.

Also attending the conference were cabinet ministers from the three Indochinese countries—Ung Huot, Cambodian minister for foreign affairs and international cooperation, Vietnamese Minister and Chairman of the Office of the Government Le Xuan Trinh and Phao Bounnaphol, Laotian minister and chief of cabinet of the prime minister's office.

At the meeting, Cambodia, Vietnam and Laos reaffirmed their commitment to boosting their efforts for social and economic reforms and confirmed the need to take into account the regional aspects of development in designing national programs to make best use of limited resources, according to a joint statement released at the close of the meeting.

The donor countries and organizations reiterated their readiness to support the three countries in their development, the statement said.

Japan, the largest donor to all three Indochinese nations, unveiled four blueprints to beef up transportation networks in the region, the officials said.

Japan's plans include projects to develop north-south, east-west transportation networks and to further develop advanced areas as well as less developed areas in the region.

Japan disbursed an estimated 670 million dollars to Vietnam in 1994 million and 39 million dollars to Cambodia in 1993. The aid to Laos was 25 million dollars in 1992, according to figures released by the ministry.

SRV Delegate Voices Appreciation

BK2802085095 Hanoi VNA in English 0729 GMT 28 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 28—The International Conference on Development of Indochinese Countries reiterated their support for the development plans of three nations on the peninsula, says a joint statement released in Tokyo yesterday.

The Vietnamese delegation to the conference was headed by Minister Le Xuan Trinh, chairman of the government's office, who expressed high appreciation of the cooperation and financial assistance of Japan as well as other countries and international organizations to the socio-economic development in Vietnam. He also called on the international community to further promote their cooperation with Vietnam, first in infrastructure, human resource development and trade-investment promotion.

While in Tokyo Minister Le Xuan Trinh met and exchanged views with Deputy Prime Minister and Foreign Minister Yohei Kono, other senior government officials and enterprisers of Japan. Deputy Foreign Minister Vu Khoan also had working sessions with his Japanese counterpart Hiroshi Fukuda on bilateral relations and regional issues of common concern.

Japan

Japanese, U.S. Views on Deregulation Effects

OW2802115595 Tokyo KYODO in English 1024 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—A senior U.S. Trade Representative (USTR) official on Tuesday [28 February] disputed Japanese arguments that compliance with a U.S. request to push deregulation would create social conditions similar to those in the United States such as proliferating crime and drug addiction.

Ellen Frost, counselor of the USTR, told a group of Japanese intellectuals, industrialists and journalists during a trans-Pacific digital video conference linking Tokyo and Washington that such arguments amount to an attempt to sidetrack the real issue to avoid lifting curbs on imports and greater competition with foreign businesses.

"Finally on the issue of being more like the United States... We are serious on social problems... Ranging from crime and drugs and all these things you are familiar with in Japan, but... It is an evasion to state these problems as an excuse to avoid deregulation," she said.

Frost said she believes "one of the best things" the U.S. can do to alleviate these problems is to provide jobs for young people, whose unemployment might have driven them to desperate actions.

Japan can achieve "a far greater degree of deregulation without anything like the social problems we have in the United States" as deregulation and social problems are not directly linked, she said.

She made the comments after Hideo Takahashi, assistant to Yotaro Iida, chief of the Administrative Reform Committee of the Federation of Economic Organizations (Keidanren), warned that more Japanese are beginning to believe deregulation might make Japan "more and more like the United States."

Takahashi also said that the general public have come to feel that pressing ahead with deregulation might strip them of jobs by allowing Japanese industry to be hit by imports and greater competition especially following the "burst of the bubble" economy.

Frost said deregulation will benefit ordinary "persons on the street" rather than special interest groups by lowering "the cost of living" and creating greater job opportunities as a result of the resultant activation of the economy.

She quoted Keidanren's own estimate on the impact of possible compliance with a list of U.S. deregulation requests as reporting that it would create "740,000 jobs" in Japan.

Asked about the propriety of pushing deregulation demands for the Japanese financial derivatives market, especially since the collapse of Barings PLC as a result of unauthorized derivatives trading, Frost suggested that, in her view, Japan could place priority on deregulation in more basic financial fields, rather than on riskier derivatives.

"I personally do not like to think we are pounding our fist on the table and demanding, especially in an area as complex as this (derivatives)," she said.

"Nevertheless... There are a number of much more basic elements in the financial system that could be deregulated without the kind of shocks" that hit barings and other companies that have speculated in derivatives, she said.

Derivatives—futures, options and swaps—are a kind of financial agreement used for insurance against unpredictable risks, such as higher interest rates or movements in foreign currencies. Investors also use derivatives for speculative purposes on financial markets.

Canada Hopes for Benefits From Deregulation

OW2802142995 Tokyo KYODO in English 1200 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—Canada on Tuesday [28 February] hoped for favorable effects from Japan's planned deregulation program particularly in the area of housing and construction material, Japanese officials said.

Canadian Trade Minister Roy MacLaren expressed the hope in a meeting with Japanese Foreign Minister Yohei Kono, they said.

Maclaren also invited Kono to a "quadrilateral" meeting of trade ministers from Canada, the European Union, Japan and the United States to be held in Canada in May, according to the Japanese Foreign Ministry officials.

Japan is expected to draw up a five-year deregulation program by the end of March in a bid to revitalize its economy.

The officials quoted Kono as telling MacLaren that Japan will implement the program to bring about a more transparent system that will have favorable effects.

Kono said he will attend the "quad" meeting if the Diet schedule allows him to, the officials said.

After the meeting with Kono, MacLaren paid a courtesy call on Prime Minister Tomiichi Murayama.

MOF To Streamline Air Cargo Customs Procedures

OW2702165895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Feb 95 Morning Edition p 1

[FBIS Translated Text] The Ministry of Finance [MOF] has decided to adopt the "advance approval on imports" system, under which companies or private individuals can pick up cargo that has arrived at airports without having to go through customs, provided that they have received prior approval for importing goods by air freight. The new system will apply to importing goods which do not require quarantine procedures. Customs authorities will give approval to importers based on their past records of importing goods from abroad. Nearly half of all items imported by air freight are expected to be affected by the new system. So far, over 43 hours is required on the average to complete customs procedures. With the new system, the timed required for customs clearance would be reduced to almost zero. The new system is aimed at helping reduce companies' costs in importing goods from abroad. It will be incorporated into the "Five-Year Deregulation Promotion Plan" to be compiled in March by the government which plans to put the system into effect in 1996.

Current customs procedures require importers to have their cargo inspected by customs officials after first moving the cargo that has arrived at the airport to their designated warehouses in bonded areas. According to the MOF's 1993 study, it takes approximately 43 hours and 42 minutes, on the average, for customs clearance.

For this reason, domestic companies have complained about the unnecessary time required before they can start transporting their cargo from the airport as well as added storage fees, among other costs. The U.S. Government has also asked the Japanese Government to review the procedures. Consequently, the MOF has determined that it will be necessary to drastically simplify the procedures from the standpoint of increasing imports into the country.

Under the new system, companies or individuals will submit a report to the customs office if they intend to import goods by air freight. The customs office will give approval after checking, among other things, whether the importer has any past records of importing illegal items or whether there are any suspicions that the cargo may contain plants or animals protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. For cases that have been approved, customs officials merely confirm the arrival of the cargo, and importers can simply pick them up without ever having to move their cargo to bonded areas and wait for clearance.

The new system will not apply to imports of foodstuffs, plants and animals, and other items that require quarantine procedures for inspecting the presence of contagious disease or insects. Aside from such items, the system will apply to importing nearly all other items, including industrial products such as machinery parts and semiconductors, and small parcels imported by private individuals.

Also, "prior approval may be given in the case of transporting personal belongings from abroad when individuals move back to Japan, if such individuals have commercial movers submit applications" (as stated by an official at the MOF Customs and Tariff Bureau).

In 1994, there were 4,650,000 cases reported regarding imports by air freight. The MOF believes that "prior approval can be given in about 2 million" of these cases. The ministry plans to improve the computer system at customs offices in preparation for the new system and begin giving out prior approvals in 1996.

Freight companies and other firms welcome the introduction of the advance approval system, saying: "This will speed up delivery of cargo and cut down on total cost by reducing storage fees since there will be less time waiting for customs clearance" (as stated by an official at Nippon Express Co., Ltd.)

Tokyo, Washington To Start Security Discussion

OW2802143695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Feb 95 Morning Edition p 2

[FBIS Translated Text] Japan and the United States will start full-fledged consultations in March to pave the way for the strengthening of their bilateral security system to cope with newly emerged international situations in the post-Cold War era. The two nations intend to launch a broader cooperation system covering areas like peacekeeping operations (PKO) and humanitarian aid. They are also considering adopting a "joint communique" at the Japan-U.S. summit after a series of negotiations at working-level meetings and the planned Japan-U.S. defense chief talks in May. The Clinton-Murayama summit is scheduled to be held when Clinton visits Japan to attend an Asia Pacific Economic Cooperation (APEC) meeting in Osaka in November.

The governmental talks on reconstructing the Japan-U.S. security framework have been started at the initiative of the U.S. Department of Defense and the Department of State. Japanese participants in this talks are mostly bureau chiefs and councilors from the North American Affairs Bureau of the Ministry of Foreign Affairs and the Defense Policy Bureau of the Defense Agency.

Full-scale negotiations will begin in March since the discussion agenda was already selected in January, and since the U.S. Defense Department has formulated a gist of the "East Asian Security Review (EASR)" that specifies the forward deployment strategy of U.S. forces' in the East Asian region.

As economic friction is becoming a major issue between Japan and the United States since the end of the Cold War, the original role of the bilateral security framework in "ensuring Japan's security with its minimum necessary self-defense force and the security system built with the United States" has notably diminished.

Taking such a situation into consideration, authorities on diplomacy and security in both nations agreed that "maintaining our alliance in this unstable, uncertain international situation is also important for the Asia-Pacific region even after the end of the Cold War." They decided to discuss a new posture of Japan-U.S. security arrangements at the working-level and ministerial-level talks.

Another call now being studied is to formulate a "joint communique" that could attach new significance to the Japan-U.S. security system by incorporating various points to be discussed. Among those are: 1) A bilateral cooperative system, for example, transportation and information exchanges, will be enhanced when participating in PKO; 2) Defense technology exchanges will be further promoted; and 3) U.S. military bases in Japan will be reorganized and consolidated.

However, there are still some problems in each discussion area that need to be worked out, such as how Japan will respond to the U.S.-advocated Theater Missile Defense (TMD) project.

Foreign Ministry, JDA Welcome U.S. Report

OW2802114095 Tokyo YOMIURI SHIMBUN in Japanese 28 Feb 95 Morning Edition p 2

[FBIS Translated Text] The government has given high marks to the Pentagon's report titled "U.S. Strategy for the East Asia-Pacific Region," which says the United States will maintain forces in the Asia-Pacific region for the next 20 years. The report notes the need to maintain the presence of U.S. forces for Asia's security, and calls the Japan-U.S. security alliance the most important security system. Evaluating this highly, a senior Foreign Ministry official said: "The views indicated in the report are in accord with ours. The report is confirmation of this." The Japan Defense Agency [JDA] also welcomes the report. Tetsuya Nishimoto, chairman of the Joint Staff Council, said: "It clarifies the number of U.S. troops to be forward deployed in East Asia as 100,000. This is of great significance."

Editorial on U.S. Bases' Return to Okinawa

OW2802014395 Naha RYUKYU SHIMPO in Japanese 26 Feb 95 Morning Edition p 5

[Editorial: "Development of Military-Occupied Land After It Is Returned—International Views Needed"]

[FBIS Translated Text] Following an agreement reached at the recent summit between U.S. President Bill Clinton and Prime Minister Tomiichi Murayama on efforts to solve three base-related issues, including the return of the Naha military port, expectations are high that U.S. military bases on Okinawa may actually be returned to the prefecture and that the subsequent development of returned land may begin. These three issues, however, form only a part of Okinawa's base-related problems. Twists and turns are also expected before they are resolved because of difficulties in finding alternative sites for the military facilities to be moved. The agreement will not immediately lead to the return of military bases on Okinawa. However, it is certain that this has given us the opportunity to seriously discuss how returned land should be developed under an Okinawa development program for the 21st century.

The Central Region Development Promotion Committee, which is made up of chambers of commerce and industry and business groups in nine cities and towns in central Okinawa, recently held a rally and adopted a resolution demanding the utilization by the private sector of Kadena Air Base [KAB]. The committee said in the resolution: "It is the most important task for all Okinawans to seek the private sector utilization of KAB. If commercial cargo planes are allowed to fly onto the base, KAB will function as a commodity distribution center. If this happens, the region will be developed, large cities will be created, and Okinawa will have new business opportunities."

Okinawa City, Kadena town, and Chatan town have promoted their regional development by depending on KAB. However, the level of their development ironically has now reached the point at which the existence of the base has become an obstacle to their industrial development. If they want to achieve greater progress in their development, they have to seek cooperation from KAB and ask for the "common use" of the base. This is their only alternative.

A Well-Planned Strategy Needed To Have Military Bases Returned

It should be noted that a strategy for the return of military bases and a plan to develop returned land must be treated as one package. Even if we draw up a great development plan, it will not be anything unless military bases are returned. Conversely, if there is no good plan, the owners of military-occupied land will feel uneasy and will inevitably become reluctant to have their land returned to them.

In order for Okinawa to promote the ideal conversion of military facilities for private use under its prefectural development program for the 21st century, it is necessary for residents and the relevant municipalities to jointly carry out the strategy for the return of military bases, and for the prefectural government to formulate, in the interest of the people, a plan for the development of land to be returned.

The municipalities where U.S. forces are stationed have currently been working out returned-land development plans as part of their regional development programs. Some of them have already reached the final stage of drawing up their plans, while others are still in the conceptual stage. As such, the municipalities and the prefectural government have begun serious efforts to formulate land development plans to prepare for the return of military-occupied land at any time. This is a step forward.

Each municipality, however, has drawn up its own plan, and this is not necessarily desirable in view of the effective development of prefectural land. It will be necessary to coordinate their plans. Naturally, regional views should be given importance in drawing up development plans. To define the position of Okinawa in Japan and Asia, however, it is necessary to give importance to external views as well.

Asking a foreign think tank for a survey and advice is worth considering. It will be necessary to seek wisdom from overseas for mapping out a strategy for the return of military bases to the prefecture, and for drawing up a returned-land development plan based on a grand design toward the 21st century for "making Okinawa an international exchange point in the south, making the island a place with international city functions, improving tourist spots and resort facilities to make them internationally competitive, and promoting activities for global peace." Okinawa Governor Masahide Ota has proposed this grand plan to make the best use of Okinawa's distinctive features.

It is desirable that intellectuals and experts at home and those from the United States, China, Taiwan, and such Southeast Asian countries as Singapore, Malaysia, Indonesia, and Thailand participate in work to draw up an Okinawa development plan, and that they propose Okinawa's "possibilities" in various fields such as disarmament, industrial development, the environment, and culture.

Okinawa's Returned-Land Development Plan Should Be More Magnificent Than Subic Development Plan

Some people may say that Okinawa does not have to seek opinions from foreign think tanks on the future development of prefectural land. However, it is possible that they will discover Okinawa's good points, which cannot be perceived from inside. It is also desirable that we formulate an Okinawa development plan for the 21st century from Asian and global viewpoints. Moreover, it is possible that new security ideals, which will supersede the Cold War thinking of Japanese and U.S. defense officials, will be attained in the process of drawing up a strategy for the return of military bases.

How the Subic naval base in the Philippines will be developed has drawn world attention since the U.S. forces withdrew from that base. The World Bank has announced that it will provide the Philippines with $40 million in loans to support the Philippine Government's plan to develop the returned base as a free port. Many foreign enterprises have already expressed their willingness to make inroads into the planned free district.

The news media in Taiwan, which also has a free trade zone, has reported on the Subic development plan, saying, "Subic is emerging as a post-Hong Kong free district." Before the return of the base, there was concern in the Philippines over the development of the port facilities. Governor Ota and other officials once inspected the base and reportedly obtained some knowledge that is useful in drawing up Okinawa's returned-land development plan.

Okinawa's plan for the development of land occupied by KAB and other military facilities should be more magnificent than the Subic development plan. In this sense, it is desirable to consider seeking wisdom from foreign experts and enterprises and obtaining the necessary funds from international financial organizations.

There is no denying that because we have been forced to coexist with military bases for almost half a century, we are helpless to stop believing somewhere in our minds that military bases will continue to exist and that they will never be returned to us. But historically, there is no such empire that can continue to station its forces in foreign countries. Thus, the U.S. forces will be withdrawn and the land occupied by them will be returned to Okinawa in the future. We will feel miserable if we do nothing but just wait for the day when the military bases are returned. We should promote the development of Okinawa for the 21st century based on our own strategy for the return of military bases and the returned-land development plan.

Tokyo's Agenda for Kono-Kozyrev Talks Decided

OW2802121795 Tokyo YOMIURI SHIMBUN in Japanese 27 Feb 95 Evening Edition p 1

[FBIS Translated Text] On 27 February, the government decided on an agenda for the Japan-Russia foreign ministerial talks to be held between Foreign Minister Yohei Kono and Russian Foreign Minister Andrey Kozyrev, who will visit Japan on 2 March. At the Japan-Russia foreign ministerial talks, Foreign Minister Kono will firmly ask his Russian counterpart for resumption of full-scale negotiations within March on the question of ensuring safe fishing operations by Japanese fishermen in waters off the Northern Territories. At the Japan-Russia foreign ministerial talks, Kono will also ask 1) Russia to participate in the Korea Energy Development Organization (KEDO), and 2) express Japan's support for President Yeltsin's reform policies. The Japan-Russia foreign ministerial talks will be held for the first time since last March when (then) Foreign Minister Tsutomu Hata held talks with his Russian counterpart in Moscow. The upcoming Japan-Russia foreign ministerial talks will be held for two days on 3 and 4 March.

Russian First Deputy Prime Minister Soskovets visited Japan last November, and an agreement was reached between him and Foreign Minister Kono on early resumption of full-scale negotiations on the question of ensuring safe fishing operations by Japanese fishermen in the waters off the Northern Territories. Nonetheless, the negotiations have yet to be resumed because of a delay in the coordination of opinions within the Russian Government.

The government, therefore, aims to use the visit to Japan by Russian Foreign Minister Kozyrev as an opportunity to pave the way for concluding an accord between Japan and Russia on safe fishing operations for Japanese fishermen.

Fishing Rights Likely Topic in Kozyrev Talks

OW2602063295 Tokyo KYODO in English 0605 GMT 26 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 26 KYODO—Japan and Russia are likely to agree later this week to begin official negotiations on how to ensure the safety of Japanese vessels fishing around four Russian-held islands claimed by Tokyo, government sources said Sunday [26 February].

The accord is expected to be made during a Tokyo visit from Thursday to Saturday by Russian Foreign Minister Andrey Kozyrev, who will be accompanied by Russian coast guard officers and fishing officials, they said.

Kozyrev will meet Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono during the visit.

Last November, during Russian First Deputy Prime Minister Oleg Soskovets' visit to Japan, Tokyo and Moscow first agreed on beginning talks on the issue. The two countries, however, have failed to implement the agreement because Russia has taken time to achieve a consensus on the issue among its authorities, the sources said.

Russian patrol boats have fired at and detained Japanese fishing boats in the waters near the four Russian-held islands claimed by Japan.

Japan has rejected Russian demands to pay for fishing rights, arguing that such payment would amount to recognizing Russian sovereignty over the disputed islands.

At unofficial talks on the issue, Tokyo submitted proposals such as making a suggestion that the talks would not affect the two nations' positions on the legal status of the islands, but Moscow rejected the suggestion, the sources said.

For decades Japan has been demanding the return of the four islands off Japan's northernmost main island of Hokkaido that were seized by the former Soviet Union at the end of World War II.

The row over the islands—Etorofu, Shikotan and Kunashiri Islands and the Habomai group of islets—has prevented the two sides from concluding a peace treaty.

Reports on Visiting Turkish Prime Minister Ciller

Meets With Murayama

OW2702133495 Tokyo KYODO in English 1309 GMT 27 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Prime Minister Tomiichi Murayama and Turkish Prime Minister Tansu Ciller agreed Monday [27 February] to further boost bilateral economic ties and expand exchanges of people between the two countries, a Foreign Ministry official said.

Murayama and Ciller agreed to strengthen bilateral ties during a 30-minute talk followed by a 90-minute dinner meeting. Ciller is in Japan since Sunday for a four-day visit.

Murayama told Ciller that Japan wants to promote close cooperative relations with turkey, which plays an important role in securing stability in the region, the official said.

Murayama pledged to open a 500 million dollar credit line over a two-year period to boost Japanese investment in turkey and support ciller's economic reform efforts, he said.

Japanese investment in Turkey has been growing since the 1980s, reaching 503 million dollars by the first half of fiscal 1994 with 53 cases, according to Foreign Ministry figures.

Murayama also said Japan will consider extending official yen loans for the second stage of a project to supply water to Istanbul depending on the progress of the first stage of the project, the official said.

Japan loaned 52.4 billion yen in June 1993 for the project's first stage.

Murayama also invited 10 young Turkish leaders from various fields for a training program in Japan during fiscal 1995 which runs through March 1996.

Ciller, a former finance minister who became the first female prime minister of Turkey in 1993, was quoted as saying Turkey wants to expand ties with Japan in such fields as economic cooperation and education, since Turkey aims at becoming the region's economic power within the next decade.

She also said Turkey welcomes the Japanese private sector to her country, the official said.

Ciller is to leave Japan on Wednesday.

Comments on Talks With Murayama

TA2802091495 Ankara TRT Television Network in Turkish 1800 GMT 27 Feb 95

[Turhan Ipek video report from Tokyo]

[FBIS Translated Excerpt] [Passage omitted] Assessing her talks with Japanese Prime Minister Murayama, Prime Minister Tansu Ciller said that during the talks, which were held in a very warm and positive atmosphere, they discussed the development of bilateral relations in various spheres. She pointed out that Japan is very interested in Turkey within the framework of its membership in the EU and the Customs Union. Ciller also said she was openly told of Japan's willingness to participate in various projects in Turkey.

[Begin Ciller recording] It is obvious that Turkey's cooperation and partnership with Japan will have a dimension that is directed both toward the Turkic states and toward the EU. In fact, we saw that the Japanese are very eager in this regard and that they are ready to posit proposals for almost any project. In fact, there is nothing more we can do because our legislation makes it impossible for us to accept such proposals without a tender. We did see, however, that very important cultural and educational cooperation will develop naturally between the two countries very soon and be placed within a legal framework. [end recording]

Ciller then said that Japan is very interested in buying the telephone department of the PTT [Post, Telephone, and Telegraph Administration].

[Begin Ciller recording] The whole world is interested in this. We have not yet overcome our own legal obstacles, however. As you know, I have been working on this issue for the past three years. We are very late in solving the problem. There are certain constitutional obstacles. Once they are overcome, we must go back to parliament and enact another law. As you know, we worked in parliament until the early hours of the morning to enact the laws on privatization and on the PTT. Turkey had about $30 billion invested there. All the world markets are involved, including Eastern Europe. We are now in the final stages. [end recording]

Replying to a question, Ciller stressed that Turkey did not ask Japan for a loan; however, she said, we want Japanese businessmen to participate in various projects. She stressed that Turkey has solved its foreign balance of payments and foreign exchange problems. Ciller said: I am proud to say that we did this on our own. We did not get any help from outside, as do other countries, such as Mexico. This was achieved thanks to the understanding and sacrifices of the Turkish people, and we are very proud of that.

Prime Minister Ciller will be received by Emperor Akihito tomorrow.

Holds Talks With Kono

OW2702011395 Tokyo KYODO in English 2340 GMT 26 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Turkish Prime Minister Tansu Ciller and Japanese Foreign Minister Yohei Kono agreed Sunday [26 February] night to promote bilateral friendship and cooperation, Foreign Ministry officials said Monday.

The accord was reached during a meeting following Ciller's arrival in Tokyo on Sunday for a four-day official visit, the officials said.

Kono expressed hope that Turkey will play an important role in ensuring stability in the Middle East while Ciller briefed him on Ankara's efforts to help achieve peace in the region, they said.

Ciller voiced Turkey's support for Japan's bid to win permanent membership in the UN Security Council, they added.

Ciller, who became the first female prime minister of Turkey in 1993, is accompanied by 140 business executives.

On Monday, she is to meet separately with House of Representatives Speaker Takako Doi, Japanese business leaders and Prime Minister Tomiichi Murayama.

Ciller, a former finance minister, is expected to call on Japan to further extend official development assistance (ODA) and invest in state-run enterprises which aim at privatization, the officials said.

Japan had extended Turkey a total of 312.3 billion yen in loans by the end of fiscal 1993 through March 31, 1994.

Ciller and her husband, Ozer Ucuran, will meet Emperor Akihito and Empress Michiko and then she is scheduled to hold a news conference Tuesday before wrapping up her visit Wednesday.

Urges 'Comprehensive Partnership'

OW2802112295 Tokyo KYODO in English 1004 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—Visiting Turkish Prime Minister Tansu Ciller said Tuesday [28 February] that Turkey wants to create a "comprehensive partnership" with Japan at the same time as it promotes integration with the European Union.

At a press conference at the Japan National Press Club, Ciller said she wants to establish such partnership between Turkey and Japan because the two countries serve as pillars at each end of the Asian continent and could become "two leading countries" of Asia.

Ciller, in Japan since Sunday on a four-day visit, said Turkey's integration into the EU in the trade sphere, which will commence on March 6 when it enters the Customs Union, provides "a good opportunity, a large market and many new areas" for cooperation with turkey.

Turkey's integration with Europe is "not mutually exclusive from our partnership that we want to expand with Japan, but rather complementary," she said.

Ciller, a former finance minister who became the first female prime minister of Turkey in 1993, also said turkey's privatization and democratization programs and planned constitutional reforms "make turkey a very stable partner."

"I want investment in Turkey not to be seen as risk but as an opportunity," she said.

Turning to international affairs, the Turkish prime minister said Turkey is "ready to contribute" to solving the conflicts in Russia's rebel Republic of Chechnya in a peaceful manner through dialogue.

"In essence, it is dialogue and understanding that will solve the issue, and we are ready to contribute to that," she said, pointing out that Turkey will be, and already is, "active" in making sure such dialogue begins.

She said she believes the human rights of people in Chechnya can be protected while respecting Russia's territorial integrity.

Later in the day, Turkey and Japan issued a joint statement outlining the contents of talks between Ciller and Japanese Prime Minister Tomiichi Murayama and with Foreign Minister Yohei Kono.

The Turkish prime minister is to leave Japan on Wednesday.

Nikko, Daiwa To Cover Barings Accounts

OW2802032895 Tokyo KYODO in English 0243 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—Nikko and Daiwa Securities companies are to take over and liquidate huge Japanese trading positions left by Baring[s] Securities (Japan) Ltd., the Tokyo Stock Exchange said Tuesday [28 February].

An exchange official said Nikko securities will handle Baring Securities' Tokyo positions, largely those in Japanese Government bond futures, while Daiwa Securities will handle those on the Osaka Securities Exchange.

Roughly 1 billion dollars in losses from misplaced bets by Baring's Singapore branch on gains by Nikkei stock average futures, which trade in Osaka and Singapore, bankrupted its parent Barings PLC, Britain's oldest merchant bank, on Monday.

A Barings trader in Singapore reportedly went massively long in futures linked to the Japanese stock index without hedging his bets, buying the futures contracts on credit with the obligation to resell them later.

When the Nikkei sank last Thursday and Friday, Baring was left with huge losses and was unable to meet demands to cover some of its swelling losses. The more the Nikkei falls with the long positions left open, the greater the trading loss becomes, but the benchmark share index was rebounding heftily Tuesday morning after sinking some 3.8 percent Monday.

In Osaka, Baring left a massive 16,000 unsettled contracts in Nikkei stock futures with a value estimated as of Monday at nearly 30 billion yen, an amount reportedly just covered by deposits the firm had put up.

On the Tokyo exchange, Baring is not expected to incur a loss, the official said, adding that the firm has put up 18 billion yen in deposits there.

It has unsettled Tokyo positions worth 8 billion yen, some 5 billion yen of which are in government bond futures, the official said. In Tokyo, the brokerage leaves behind 4,900 sell contracts for bond futures and 700 buy contracts for Tokyo stock price index (Topix) futures, the official said.

Open positions for Baring's own account will be liquidated starting Tuesday, while positions it made for clients may be taken over and continue to trade, the Tokyo bourse said in a statement.

Panel To Study Rules on Derivatives Trading

OW2802140095 Tokyo KYODO in English 1056 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—An advisory body to the finance minister on Tuesday [28 February] discussed risk management for derivatives trading by financial institutions, including the possibility of introducing self-imposed rules, Finance Ministry officials said.

A subcommittee under the Financial System Research Council learned about the outline of a draft code of conduct for derivatives deals under consideration by the U.S. financial industry to study the feasibility of introducing such rules in Japan, the officials said.

The day's discussion was based on research by some members who visited the United States, Britain, Germany and France from Feb. 2 through Feb. 17 to study the movements of monetary authorities and the financial industry there on derivatives trading, they said.

The committee is expected to work out a report on derivatives trading in Japan by the end of June through several rounds of detailed deliberation beginning March 10, they said.

In the U.S., the Federal Reserve Bank of New York, Securities Industry Association (SIA) and others in January jointly drafted a "wholesale transaction code of conduct," which contains self-imposed rules such as internal supervising systems by participants in the derivatives market, they said.

Some subcommittee members called for internationally consistent rules and infrastructures for derivatives trading, they said.

At the same time, some voiced objections to restrictions on derivatives deals, they said.

Meanwhile, the subcommittee started talks on review of the surveillance system for credit unions and disposal of failed financial institutions amid growing controversy over a bank of Japan-led plan to take over two bankrupt Tokyo-based credit unions, they said.

The issue will also be taken up by other subcommittees and panels, with the aim of drafting a recommendation report around June at the earliest, they said.

Editorial Views Aftermath of Barings Crisis

OW2802143095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Feb 95 Morning Edition p 2

[Editorial: "Pitfalls of Modern Financial System"]

[FBIS Translated Text] Leading British securities house Barings PLC virtually went bankrupt due to losses on derivatives (financial products such as futures). The incident is causing turmoil in securities and foreign exchange markets worldwide.

Details of the incident are still unknown, but it was reportedly triggered by large amount of losses made by Barings' Singapore subsidiary which handled Nikkei 225 futures contracts. It is believed the Singapore subsidiary's unsettled Nikkei futures contracts amounting to hundreds of billions of yen, and, depending on liquidation methods, the world financial and securities markets may suffer serious damage.

The word derivative may not be familiar to ordinary people. Derivative products include futures and options transactions of stock price indexs, bonds, and interest rates. However, their computerized dealing procedures are so complicated that only a few experts can figure out what is going on.

Such complicated derivative transactions, which often involve large amounts of money, are becoming popular in the financial, foreign exchange, and stock markets worldwide, and their influence on the spot market is becoming larger and larger. In a way, the world monetary market, including the Japanese market, entered into a new age when derivative transactions became popular in the late 1980's.

However, the Barings failure highlighted new problems in the innovation-oriented financial marketplace. The worst aspect of derivatives is the difficulty in keeping track of transactions in the market. Unlike spot transactions, derivatives are seldom recorded on the books. The Bank of England's decision not to come to Barings' aid is certainly because it was impossible for the bank to figure out how much Barings actually lost.

To draw a lesson from the Barings incident, financial institutes dealing with derivative products must establish mechanisms to precisely figure out actual circumstances and risks of market transactions by reinforced monitoring systems. Japanese banks and securities houses are just beginning to prepare derivative dealing systems—they must hurry up.

A failure of one securities house can damage broad fields in the modern market. Each financial institute must be aware that its failure to build up its own transaction management system will eventually eliminate participants in the market.

Administrative assistance is also indispensable to satisfy the need for keeping track of derivative transactions by such measures as disclosure of market value.

The Tokyo Stock Exchange on 27 February closed after settling its panic from the morning. Confusion will continue for the time being, but the Japanese stock market has relatively well-designed crisis management systems, such as the price range limitation for stocks and the circuit breaker (stop order). We hope investors coolly observe the actual circumstances in the market.

BOT To Set Up Subsidiary in Mexico City

OW2802121895 Tokyo KYODO in English 1002 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The Bank of Tokyo [BOT] said Tuesday [28 February] it will set up a wholly owned subsidiary in Mexico on March 1 to do business with subsidiaries of Japanese companies there.

Bank of Tokyo Mexico, S.A., in Mexico City, will be capitalized at 67.65 million mexican pesos (approximately 1.1 billion yen). The bank's wholly owned subsidiary in the United States, set up specially for the purpose, will hold a 99.0007 percent share while the Bank of Tokyo will hold a 0.9993 percent share.

The new bank's president will be Tomomi Taguchi, currently head of the bank's representative office in Mexico.

The North American Free Trade Agreement (NAFTA), which came into effect in January 1994, has made it possible for the Bank of Tokyo to set up the wholly owned subsidiary in Mexico. Under the accord, financial institutions located in the U.S. and Canada can set up subsidiaries in Mexico.

Nuclear Waste Shipment Faces Global Opposition

OW2402143895 Tokyo ASAHI SHIMBUN in Japanese 24 Feb 95 Morning Edition p 1

[FBIS Translated Text] It is believed the "Pacific Pintail," a transport ship carrying nuclear waste, will most likely sail through the Panama Canal to reach Japan because the route is the shortest. Japan also took that route when it shipped spent nuclear fuel to France. On that route, the sea is calm, and safe transportation can be ensured. Depending on the moves of groups opposing the shipment, the Pacific Pintail may go around the end of South Africa. At any rate, Tokyo intends not to disclose the route even to countries along the shipping path. Thus, it is expected to have a hard time dealing with countries opposing the shipment.

According to the Science and Technology Agency, more than 20 countries are opposed to the shipment. They include those in the Caribbean and the South Pacific. These countries doubt whether the shipment is really safe. They have filed protests against the passage of the transport ship through their territorial waters. Japan, Britain, and France are to seek their understanding about the shipment.

In the past, the "Akatsuki-maru," a Japanese ship, transported a ton of plutonium from France to Japan. The voyage took from the end of 1992 to January, 1993.

At that time the Power Reactor and Nuclear Fuel Development Corporation, which was in charge of the shipment, did not disclose the shipping route, using the need to guard the nuclear substance as "ample justification." The "Shikishima," a Maritime Safety Agency patrol boat, escorted the Akatsuki-maru.

Industry Wants Nuclear Transport Route Aired

OW2402143395 Tokyo KYODO in English 1312 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—A power industry leader reiterated Friday [24 February] that the route for transporting radioactive nuclear waste from France to Japan should be made clear.

Kohei Abe, head of the Federation of Electric Power Companies, told reporters that he will negotiate again with the two interested nations, Britain and France, so that the transport route is made clear.

Such a problem would not arise if the Japanese power industry carried the waste by itself, he said.

The existing contracts with Britain and France on spent nuclear fuel reprocessing state, however, that Japan must not carry such waste since it lacks the necessary transportation know-how.

However, the transport route could not be made clear as long as there were obstructions, he said in reference to probable protests.

On board the Japan-bound British freighter Pacific Pintail is a steel cask containing 28 cylinders, and two empty steel casks. Each of the 28 cylinders contains vitrified nuclear waste.

More than 3,000 cylinders containing vitrified nuclear waste will be returned to Japan from France over a period of more than 10 years.

Ship To Avoid Indonesian Waters

OW2802075995 Tokyo KYODO in English 0644 GMT 28 Feb 95

[FBIS Transcribed Text] Jakarta, Feb. 28 KYODO—Japan has promised Indonesia that a ship carrying Japanese nuclear waste from France will not pass through Indonesian waters, a government official said Tuesday [28 February].

"We are happy with a guarantee by the Japanese embassy that the ship will not pass through our waters and any other sea lanes in southeast Asia," Irawan Abidan, director general of information at the Foreign Ministry, told KYODO NEWS SERVICE.

He said that the guarantee was given Feb. 16.

The ship, the Pacific pintail, owned by British nuclear fuels, left Cherbourg, France, last Thursday, carrying some 13.7 tons of nuclear waste extracted from spent Japanese fuel rods.

The environmental group Greenpeace has said the ship is likely to pass through Indonesian waters, either through the Lombok Strait in eastern Indonesia or through the Malacca Strait, which is administered jointly by Indonesia, Singapore and Malaysia.

The Indonesian Government, Irawan said, opposes such a shipment of nuclear waste, considering it to be a major risk to the environment in the event of an accident.

The Malacca Strait is one of the busiest and most accident-prone seaways in the world.

Irawan said his ministry would monitor the ship's movements. He speculated, however, that the Pacific pintail's route will be similar to that of the Akatsuki Maru, a Japanese ship that carried a large amount of plutonium to Japan from France two years ago.

Japan is reportedly planning a total of some 18 more shipments of nuclear waste and plutonium over the next 10 years.

The Akatsuki Maru, in a two-month voyage dogged by controversy, carried the plutonium around the cape of good hope, across the Indian Ocean and around Australia, before heading north to Japan.

Kono Meets Ministers From Cambodia, SRV, Laos

OW2502121995 Tokyo KYODO in English 1035 GMT 25 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 25 KYODO—Foreign Minister Yohei Kono agreed with cabinet ministers from Cambodia, Vietnam and Laos on Saturday [25 February] to develop ties between Japan and the three Indochinese countries through high-level political dialogue, a Foreign Ministry official said.

Kono reached the agreement during separate meetings with Cambodian Foreign Minister Ing Huot, Vietnamese Chairman of the Office of the Government Le Xuan Trinh and Phao Bounnaphol [name as received], Laotian chief of cabinet of the Prime Minister's Office.

The high-level dialogues are expected during proposed visits to Japan by Vietnamese Communist Party Secretary Do Muoi and Laotian Prime Minister Khamtai Siphandon, the official said.

The planned participation of Cambodian Prime Ministers Norodom Ranariddh and Hun Sen at a meeting of the International Committee on the Reconstruction of Cambodia (ICORC), which Japan is to host on March 14-15 in Paris, will also serve as an opportunity for such dialogue, he said.

The Cambodian, Vietnamese and Laotian ministers are in Japan to attend an international conference on the development of Indochina which opens Sunday in Tokyo.

Kono and the ministers also agreed during the talks at a Tokyo hotel that the upcoming Forum for Comprehensive Development of Indochina will give a political impetus to the development of the region, the official said.

During Saturday's talks, Kono was quoted as pledging Japan's continued economic cooperation to Vietnam, Cambodia and Laos.

While the Vietnamese and Cambodian ministers called for Japanese investment in their countries, Kono urged Vietnam to beef up its legal systems and infrastructure to attract Japanese investors and asked Cambodia's Ing Huot to explain to Japanese companies the economic condition of the country, the official said.

Kono told the Laotian minister that he thinks Japanese companies have great interest in investing in Laos.

In the meeting with Vietnam's Trinh, Kono welcomed Vietnam's planned membership of the Association of Southeast Asian Nations (ASEAN) this summer and the recent establishment of liaison offices between the United States and Vietnam, the official said.

Keidanren Mission to ASEAN, Vietnam Reviewed

OW2702100795 Tokyo YOMIURI SHIMBUN in Japanese 26 Feb 95 Morning Edition p 7

[Article by Kazuyuki Kondo in Ho Chi Minh City: "Torn Between the United States and Asia: The Keidanren Mission to ASEAN"]

[FBIS Translated Text] The First Keidanren [Federation of Economic Organizations of Japan] Economic Mission to ASEAN (led by Keidanren Chairman Shoichiro Toyoda) completed its itinerary in Singapore, Thailand and Vietnam on 25 February.

Toyoda summarized the trip as "greatly significant for mutual understanding." However, a diversity of values exist in the Asian countries, which are in various stages of economic development, and which have diverse ethnic and historical backgrounds. The mission also learned that it would not be easy to build a consensus on the process of liberalizing investment and trade in the region, and other issues which are expected to be focal questions in the future.

On the other hand, there is tremendous expectation in Asia for Japan to act as the "intermediary between North America and Asia." The mission once again pointed to the difficulty of conducting private level economic diplomacy.

On the early morning of 21 February, the day after Toyoda expressed in Bangkok his reservations about support for the East Asian Economic Caucus (EAEC), a telephone "inquiry" came from the Ministry of International Trade and Industry [MITI]. MITI wanted to be "briefed in detail on the Keidanren chairman's remarks." Anything the Keidanren mission—which had to keep a delicate balance between the United States and the enormous potential Asian market—said and did attracted great attention everywhere the delegates went.

The main purpose of the mission was to coordinate views on the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka. The delegation was also charged with sounding out their host countries on how to proceed with the concrete process of liberalizing investment and trade in the region by 2020, and their views on the EAEC scheme proposed by Malaysian Prime Minister Mahathir.

Through meetings held during the visit, it was learned that while Singapore supports early liberalization, Thailand believes that "liberalization should not be imposed by any particular country" (according to Deputy Prime Minister Suphachai Phanitchaphak). Thailand strongly criticized the United States' proposed method of setting a target date and allowing no exceptions in opening the Asian market. Differences in the various countries' position on the U.S. approach became evident.

On the other hand, with regard to the EAEC, which the United States opposes for fear of losing its influence in Asia, both Singapore and Thailand agreed that "APEC should be given priority." Singapore Prime Minister Goh Chok Tong said that "APEC should be given importance," while Thai Prime Minister Chuan Likphai commented that, "[The United States'] understanding of EAEC is out of touch with the times."

Toyoda, who had been very careful not to offend the United States on the EAEC issue, ultimately came out in support of giving importance to APEC in the course of the Keidanren trip.

While Japan's official position is that "it has not decided on what to do with the EAEC," business executives of export and other industries, which rely on the huge North American market, would naturally have to give consideration to the U.S. position. However, this does not solve the problem of EAEC for Keidanren. During its second ASEAN mission scheduled for April, a "litmus test" in the form of a meeting with the EAEC proponent, Prime Minister Mahathir, awaits Keidanren.

While Toyoda is relatively optimistic in his belief that "a direction will become apparent in the course of time," if a "clearcut answer" is given in an issue like this, Keidanren is in danger of giving rise to hard feelings either on the part of the United States or Asia.

It will not be easy to look for an answer to satisfy the requirements of Japan's two contradictory positions as the "leader of Asia" and as "the United States' partner."

Cement Makers Increasing Production in Asia

OW2702101495 Tokyo KYODO in English 0927 GMT 27 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Japanese cement makers are stepping up production in other Asian countries to cope with slumping domestic demand and the yen's surge on the foreign exchange market, industry officials said Monday [27 February].

The yen's appreciation has raised Japanese cement prices in overseas markets, eroding the Japanese companies' competitive edge.

The cement makers seek to cut their production costs and to increase their overseas sales through their Asian joint ventures, said the officials at the cement association of Japan.

Domestic demand for cement has slumped to a level at somewhere between 90 million and 100 million tons a year.

From April 1989 to February 1995, seven Japanese cement makers concluded joint-venture production and marketing agreements with partners in China, the Philippines and Vietnam, the officials said.

In China, Chichibu Onoda Cement Corp.'s joint venture in Dalian started opertions in 1992 and is producing at an annual rate of 1.28 million tons, the officials said.

Aso Cement Co.'s joint venture in Shenzhen, which began production in 1993, is producing at an annual rate of 30,000 tons.

Other Japanese-capitalized joint ventures are planning on starting production in or after 1996, the officials said.

In the Philippines, Sumitomo Osaka Cement Co. has signed a joint- venture production contract with Davao Union Cement Co.

Automakers' Efforts To Capture SRV Market Seen

OW2502062695 Tokyo KYODO in English 0608 GMT 25 Feb 95

[By Hisa Miyatake]

[FBIS Transcribed Text] Tokyo, Feb. 25 KYODO—Japanese automakers are gearing up to capture a greater share of Vietnam's rapidly growing automobile market by seeking to begin production in the country.

Toyota Motor Corp., Nissan Motor Co., Suzuki Motor Corp. and Mazda Motor Corp. have requested authorization from the Vietnamese Government to start or expand automobile and motorcycle manufacturing. Such moves follow Mitsubishi Motors Corp. which was granted approval by Hanoi last summer to manufacture autos in the country. Mitsubishi set up Vina Star Motors Corp., a joint venture together with Malaysia's national automaker Proton and Vietnam's state-run Vietranscimex.

The Vina Star plant near Ho Chi Minh City will start partial production in March and should be ready to commence full-fledged production early next year. Shunroku Atarashi, general director of the firm, said, "we are expecting demand in Vietnam for automobiles will rapidly expand and we foresee a huge market developing in Ho Chi Minh City over the next few years."

Nissan in late December agreed with Danang Automobile Mechanical Factory to provide technology to produce one-box type ambulances. Vietnam, with the population of 70 million, has aggressively tried to lure foreign capital and investment under its "Doi Moi" (renovation) reform policy of shifting to a market-oriented economy. In a rush to tap Vietnamese demand, other automakers, such as the "Big Three" automakers of the United States—General Motors Corp., Ford Motor Co. and Chrysler Corp.—and Germany's Mercedes-Benz ag are pursuing the market.

At present, there are roughly 270,000 units of passenger cars, buses, trucks and motorcycles in the country, and the government projects annual auto demand will reach 60,000 in the year 2000.

Morihito Kosuda of the Indochina office of Nissho Iwai Corp., a major Japanese trading house, said, "it is true that Vietnam's economy is growing very fast. But such escalated competition by the world's automakers seems to be overheated." "It will take time to establish social infrastructure and legal systems in the nation whose per-capita national income stands below 300 dollars based on official statistics," Kosuda said. But automakers are more optimistic than Kosuda and there is a reason for it.

Mazda Motor said its sales of cars and trucks in Vietnam in 1994 soared 280 percent from the year before to 735 vehicles. The strong growth is attributable to the effect of a full-scale complete knockdown assembly operation by Vietnam Motors Corp., a local assembler and distributor, said Tetsu Owari, spokesman of the major automaker based in Hiroshima Prefecture. For 1995, Mazda, the first Japanese automaker to assemble autos on such a basis, projects its vehicle sales in Vietnam will reach 1,000, Owari said.

A top official of Toyota Motor said, "automakers in Japan, the U.S. and Europe believe Vietnam's auto market has great potential. It will definitely be the second largest market in Asia following China."

Desires of such automakers for a business foothold in the country were boosted by last year's decision by U.S. President Bill Clinton to scrap a two-decade U.S. Trade embargo on Vietnam, said Ryoichi Nakagawa, director of the Bureau for Trade and Investment Development with Japan, an affiliated body of the Vietnamese Government. Automakers "seem to be impatient," however, with getting authorization from the Vietnamese Government, which has said it will limit the number of auto manufacturers to promote domestic industries, Nakagawa said.

According to Nissho Iwai's Kosuda, there are four automakers in the nation, including Mitsubishi and Daewoo

Motor Co. of South Korea, and only two or three seats are left for foreign makers. "It may be hard for Japanese automakers to garner another position if we consider Vietnam's foreign diplomatic policy, particularly toward the U.S.," Kosuda said.

DPRK Opposition to ROK Reactors Analyzed

OW2802130895 Tokyo SHUKAN DAIYAMONDO in Japanese 4 Mar 95 p 101

[Article from "Opinion Crisscross" column by freelance journalist Yoshiko Sakurai]

[FBIS Translated Text] What is the actual reason for the DPRK (North Korea) opposing, at this moment, introduction of ROK-made light-water reactors? In October last year, the United States and North Korea agreed to introduce light-water reactors. In exchange for the DPRK's agreement to suspend the development programs for nuclear arms, Japan and the ROK have promised to provide funds for the introduction of those reactors. The ROK will bear about Y300 billion [yen], and Japan, about Y100 billion. In addition, about 500,000 tons of crude oil will be given to the DPRK as substitute energy every year for about 10 years until electricity can be generated by the light-water reactors.

There are two main factors that would make the DPRK "break the agreements," at worst.

First is North Korea's persistently hard-line attitude. Lately, it has refused to consider using ROK-made reactors, and at the same time it is demanding increased construction funds, which were originally estimated at $4 billion (Y400 billion), by Y50-Y100 billion. North Korea seems to use its same old tactics of getting negotiating countries to compromise by making tough requests, while trying to obtain more funds.

The second reason is the possible shift in the DPRK's policy since the death of President Kim Il-song. In the closing days of his life, Kim Il-song tried to find a way out by implementing the open-door policy. For example, he "froze" the development of nuclear arms after talks with Mr. Jimmy Carter. In addition, he called on South Korea to have Inter-Korean talks, and tried to form a special economic zone.

If the construction projects for ROK-made light-water reactors begin in line with the U.S.-DPRK accords, what will happen to North Korea? First, at least 400-500 engineers, or about 1,000 people at most, would be sent to North Korea from South Korea. In building the nuclear reactors, they will give necessary guidance to North Korean workers. At the same time, many DPRK engineers will need to visit the ROK to study light-water reactors in operation. The opportunity for information and personnel exchanges between the two countries, which are almost zero at present, will greatly increase.

In other words, the ROK's economic and technological superiority over the DPRK will be evident to the North Korean people. It is quite likely that North Korea's present regime would collapse by this influx and spread of information, just as the leadership of the Eastern European countries fell after the collapse of the Berlin Wall. This is why the United States, Japan, and the ROK support the plan to introduce the ROK-made light-water reactors. North Korea is believed to be in confusion under these circumstances.

It is difficult to obtain an accurate perspective only by observing the DPRK's domestic situation from the outside. However, it can be positively said that North Korea does not seem to be serious about its intention to suspend nuclear arms development by converting its existing reactors to the light-water reactors.

Regarding the DPRK's attitude, Mr. Paul Wolfowitz, who was in charge of formulating the U.S. policy for the Korean peninsula under the Bush administration, issued an interesting essay.

He said: "It is quite unlikely that North Korea will give up on implementing its policy for building up its armed forces—which was the top priority in the past—in exchange for steady electricity supplies some five to 10 years later."

He then proposed the following: First, countries concerned should not soften their attitude toward the DPRK, and refrain from having further economic exchanges until certain progress is made at the inter-Korean dialogues, and the 1991 South-North denuclearization agreement is fulfilled; second, we should not allow North Korea to ignore South Korea, therefore, the DPRK ought to talk directly with the ROK on the light-water reactor issue, and return used nuclear fuel to the ROK; third, North Korea should not carry out development programs for long-range missiles; fourth, efforts should be made to have the DPRK immediately accept special inspections by the International Atomic Energy Agency (IAEA), instead of allowing the DPRK to accept the inspections after the reactor construction projects begin; and fifth, countries concerned ought to continue to provide crude oil to North Korea, after its military threats visibly decrease.

Mr. Wolfowitz's suggestions show us what kinds of basic steps we should take to deal with North Korea's changing and unstable present situation. Prime Minister Tomiichi Murayama holds the view: "Let the money settle the problem." However, we should not forget that cancellation of nuclear development programs is a non-negotiable condition for our assistance to North Korea.

Tokyo To Aid Sakhalin Koreans Resettle

OW2402145295 Tokyo KYODO in English 1352 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The government is apparently ready to accept major compensation demands by ethnic Koreans who were left behind on the Russian far east island of Sakhalin after Japan's defeat in World War II, government documents showed Friday [24 February].

The preliminary documents were submitted to a court hearing at the Tokyo District Court earlier in the day by a group of 20 Sakhalin-Koreans who sued the government in April 1991 for 200 million yen in compensation for having been abandoned on Sakhalin and their thwarted return to the Korean peninsula.

According to the documents, Tokyo will not only pay for the repatriation of Sakhalin-Koreans, the construction of housing for the repatriates and their living costs, but will also pay temporary financial support to those who choose to stay on Sakhalin and sponsor the establishment of Korean culture centers on the island.

Japanese funds will be used to expand exchanges between South Korea and Sakhalin and to investigate the destiny of missing Koreans. Tokyo will also see to the repatriation of deceased Koreans, according to the documents.

The documents were apparently drawn up by the ruling three-party coalition's project team on pending postwar issues last November, based on recommendations by a legislators' league discussing the problems of Sakhalin-Koreans.

Previously the government has only said it will provide 500 million yen for the construction of medical facilities for the aged repatriates and partly shoulder costs for building homes for them and their offspring.

Chief Cabinet Secretary Kozo Igarashi, who is a member of the legislators' league, confirmed that the topics mentioned in the documents have been "basically agreed upon, although South Korea and Russia still have to discuss some aspects."

Kenichi Takagi, the plaintiffs' lawyer, said the new government stance constitutes "a considerable step forward."

"I think we've reached the goal of our lawsuit, if the agreement is going to be implemented truthfully," he said.

Japan forcibly took tens of thousands of Koreans as laborers to Sakhalin, whose southern half Japan ruled from 1905 until the end of the war in 1945.

The Koreans were left behind when the entire island came under Soviet rule.

In a joint survey with South Korea, several thousand Sakhalin-Koreans, mainly from the first generation, expressed hopes to return to South Korea.

During most of the Soviet era, the Sakhalin-Koreans were not able to contact relatives in South Korea, because Moscow only recognized communist North Korea.

Panel on Revamping Currency Transaction Rules

OW2402141195 Tokyo KYODO in English 1344 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—A Finance Ministry panel Friday [24 February] urged the revamping of accounting requirements for business corporations that engage in foreign currency transactions, including derivatives deals, ministry officials said Friday.

The Business Accounting Council, an advisory panel to Finance Minister Masayoshi Takemura, came up with a set of proposals whose implementation would mark the first revamping of Japan's accounting standards for foreign currency transactions, they said.

If the new set of norms is officially adopted, business firms engaging in foreign currency deals will be obligated to submit their balance sheets in accordance with the newly revised accounting methods starting in September, when they come up with their midterm financial results reports, they said.

The recommendations call for obliging business firms to calculate in terms of yen the assets and liabilities of their overseas subsidiaries in accordance with the exchange rates in effect among relevant currencies at the time of their book-closings, when they compile parent firms' consolidated balance sheets that include the business results of subsidiaries, they said.

The new standards would also call for calculating in yen terms the earnings and expenditures of the overseas subsidiaries on the basis of either the exchange rates prevalent at the time of their book-closings or the average exchange rate for the whole of their business year, they said.

At present, business firms are allowed to use varying exchange rates depending on the foreign currencies in which they conducted certain business transactions or on the types of securities they floated, bought or sold, when working out their consolidated balance sheets.

The new recommendations also call for allowing firms to report on their balance sheets totals which include forward foreign currency contracts they have concluded to cover their exports or imports, the officials said.

The firms would also be allowed to report the separate values of their forward foreign currency contracts, as they do at present, they said.

Similarly, the panel's recommendations also urge that business firms be allowed to report either the total value or the value of each individual transaction in derivatives, such as currency swaps designed to hedge against risks involved in forward contracts, they said.

However, the advisory panel concluded that further careful consideration is required to decide what accounting rules should be imposed for riskier derivatives used for speculative purposes rather than to hedge against risks, they said.

Until they come up with specific proposals in this field, business firms will be required to report the financial results of their derivatives transactions only at the time of their book-closings, as they are required to do at present, they added.

Overseas Investments Cut 1 Million Jobs

OW2502142395 Tokyo ASAHI SHIMBUN in Japanese 25 Feb 95 Morning Edition p 13

[FBIS Translated Text] Overseas investments accelerated after the 1985 Plaza Agreement reduced job opportunities for at least 1 million people and national product worth 26 trillion yen [Y], an analysis by the Ministry of International Trade and Industry [MITI] said Friday [24 February].

When Japan invests overseas, decline in money flow in the domestic market reduces jobs and national product. In addition, national product is further suppressed when products of overseas facilities are exported to third countries or Japan. MITI assessed influence of overseas investments on the domestic market in 1986, 1989, 1992, and 1994, based on investment records.

According to the analysis, when direct investments overseas peaked in 1989, job opportunities were lost for 387,000 workers—122,000 working for larger companies and 265,000 working for smaller companies. In the year, Japan's national product was cut by Y9.8 trillion due to the money outflow.

In 1994, Japan might have had additional job opportunities for 145,000 people and larger national product worth Y3.5 trillion if investments overseas had been made at home.

Overseas Sales Raise Honda's 1994 Profits

OW2102085095 Tokyo KYODO in English 0832 GMT 21 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—Major Japanese automaker Honda Motor Co. said Tuesday [21 February] its consolidated sales and profits grew for the nine months ended Dec. 31, owing mainly to bullish demand in North America and Europe.

The Tokyo-based company said cost-cutting measures also paid off with improved earnings.

The company said the group's pretax profit for the nine-month period shot up 131.5 percent over the same period of the preceding year to 81.13 billion yen on sales of 2,896.11 billion yen, up 2.6 percent.

Domestic vehicle sales remained sluggish but those in North America and Europe gained 1.0 percent to 1,305,000 units, worth 2,283.2 billion yen, up 3.0 percent, the company said.

It said motorcycle sales also grew, mainly in Asia, gaining 16.3 percent to 3,566,000 units, worth 402.9 billion yen.

The company said its net profit climbed 217.2 percent to 51.02 billion yen or 52.23 yen per share, up from the preceding year's 16.48 yen.

In the last quarter of the year, its pretax profit jumped 95.1 percent to 24.46 billion yen while its net profit also climbed 92.1 percent to 12.98 billion yen.

The profit increase was attributable to cost-cutting measures, the company said.

Sales, however, dipped 4.6 percent to 904.71 billion yen, it said.

Domestic Auto Production Falls Due to Quake

OW2302054795 Tokyo KYODO in English 0516 GMT 23 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—Japan's domestic motor vehicle production in January fell from year-earlier levels for the first time in four months due to the Jan. 17 earthquake that hit the Kobe area in western Japan, an industry association said Thursday [23 February].

Output of cars, buses and trucks fell 1.4 percent to 761,892 vehicles, the Japan Automobile Manufacturers Association said.

Production of cars slumped 3.4 percent and bus output fell 5.5 percent, but that of trucks increased 5.4 percent, it said.

Output of Industrial Sectors Mixed in 1994

OW2702102595 Tokyo KYODO in English 0905 GMT 27 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Electric machines, chemical and five other industrial sectors in Japan saw production rise in 1994 while precision instruments and four others suffered drops in the year, according to a manufacturing report released by the Ministry of International Trade and Industry (MITI) on Monday [27 February].

MITI wrapped up production statistics for the 13 mining and manufacturing sectors, which have already been unveiled on an individual basis.

Of the 13 sectors, the largest output gain of 6.9 percent was recorded by electric machines, which were in the plus side for the first time in three years in line with brisk demand for integrated circuits and portable telephones, said miti.

The sector was followed by chemicals excluding pharmaceuticals with a 5.4 percent growth, petroleum and coal products with a 3.4 percent growth and paper-pulp firms with a 2.1 percent gain.

Other gainers were a 2.0 percent rise in nonferrous metals, a 1.7 percent increase in metals and a 1.6 percent climb in ceramics, MITI said.

On the other hand, production of precision instruments slipped 4.7 percent, the largest drop.

The drop was followed by a 4.4 percent fall for transportation equipment, a 4.0 percent decline for textiles, a 1.6 percent decrease for general-purpose machines and a 1.2 percent drop for steels, MITI said.

Output of plastics remained unchanged in the reporting year.

Japan's overall industrial production for the 13 sectors edged up 0.9 percent in 1994, the first rise in three years.

Industrial Output of Small Firms Drops

OW2102060895 Tokyo KYODO in English 0557 GMT 21 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—The industrial production of small companies dipped 0.3 percent in 1994 from the preceding year, the Ministry of International Trade and Industry (MITI) said in a revised report Tuesday [21 February].

Small companies thus saw their industrial output, excluding mining, decline for three years in a row, MITI said.

Their shipments inched up 0.1 percent, the first rise in three years, while inventories dropped 1.4 percent, the second yearly fall in a row, MITI said.

Industrial production increased 1.2 percent at large corporations in 1994.

Their shipments rose 1.5 percent while inventories fell 6.1 percent, MITI said.

Takemura on Prospects for Corporation Reform

OW2602161395 Tokyo NHK General Television Network in Japanese 0004 GMT 26 Feb 95

[Interview with Finance Minister Masayoshi Takemura by NHK commentator Takashi Yamamoto—live; from "Toron" program]

[FBIS Translated Excerpt] [Passage omitted] [Yamamoto] Let me question you briefly about policies for reforming special corporations. Reform of the government-affiliated financial institutes has become the focal point of the special corporation reform, but you have opposed the Liberal Democratic Party's [LDP] proposal for a merger of the Japan Development Bank [JDB] and the Export-Import Bank of Japan [EIBJ]. Do you think the JDB-EIBJ merger is an inappropriate idea?

[Takemura] The two banks are the biggest government-affiliated corporations worth approximately 10 trillion yen in total. The LDP urged to just put them together without any consideration, and the proposal was made only a couple of days before finalizing the reform plan. We thought that, if the JDB and the EIBJ should be merged, other public financial institutes have to be reformed too. If the proposal for the JDB-EIBJ merger had been made as part of a comprehensive and drastic reform plan covering all public financial institutes, we would not have opposed that. People said reformist leader Takemura ruined the reform plan in collaboration with officials of the Ministry of Finance [MOF]. However, I could not agree with the LDP proposal because it was a sudden and unfair offer.

We are fully aware that the MOF has the primary responsibility for reform of both public and private financial institutes. As MOF has three financial institutes under its direct control, I am strongly urging bureaucrats to take the initiative in this field. While they are not quite happy with that, I told them I will carry out reform at my discretion. As the finance minister, I will make a decision in March. The entire government also has to make certain achievements in financial institute reform. So please do not think that Takemura is no longer pursuing administrative reform.

[Yamamoto] It is said you gave a preference to bureaucratic interests as soon as you became the finance minister.

[Takemura] I had big fights with MOF officials over the 1994 tax reform and many other issues, and close ties-up with them are still difficult for me in the present mood in MOF.

[Yamamoto] The Sakigake [Harbinger] has advocated a merger between the People's Finance Corporation [PFC] and the Small Business Finance Corporation [SBFC]. Some LDP members said the Sakigake made such a proposal to discredit their proposal for the JDB-EIBJ merger. Do you agree with that?

[Takemura] I believe the Sakigake's proposal was based on its own study, and I had no intention to defend MOF with the Sakigake proposal. Since MOF has the primary responsibility for management of financial institutes, the chief cabinet secretary asked me to work out some reform plans. While I have not obtained the government's approval of my plan, I think a reasonable way is to merge organizations with similar functions. In this sense, a merger of the JDB and the Hokkaido-Tohoku Development Finance Corporation may be a possible option. I also think the PFC, the SBFC, and the Environmental Sanitation Business Financing Corporation have similar functions and their merger may be possible. I made my proposal in line with such views.

Yet, we did not have enough time. To review all government- affiliated corporations, it was necessary to review the entire fiscal investment system. I said we had better spend about four months to let experts thoroughly discuss measures for comprehensive fiscal investment reform. The study stage before the special corporation reform seemed a time-consuming measure which may be criticized by the public. While I thought this was a necessary procedure, we had to hurriedly work out a reform plan by 10 February. We opposed the JDB-EIBJ merger but made our own proposal, even though both plans did not materialize. Now we are reconsidering reform plans.

[Yamamoto] Do you mean the government will reconsider special corporation reform from a scratch?

[Takemura] Some discussions in the past will be again studied as a matter of course. In my opinion, however, resumed debates among the ruling parties had better restart from the very beginning.

[Yamamoto] You said it will take about four months to review the fiscal investment system. On the other hand, you will work out another reform plan in March. Will your reform plan be separated from the fiscal investment issue?

[Takemura] I think so. The fiscal investment reform is a difficult issue which should be discussed from broader perespectives, and it is a part of fiscal reform. I think we better deal with the issue using enough time.

[Yamamoto] It is said the LDP and the Sakigake are in discord over the special corporation reform. Does that create uncertainties for a future political scene?

[Takemura] I do not deny the rumor on discord in the coalition. We did question why the LDP made such a proposal. Some LDP members might wonder why Takemura opposed their reform plan. But both parties should remain calm as they both have responsibilities of ruling parties. We agreed to restart rebates, and I promised to hammer out a proposal of the finance minister. We all have to work together to create definite plans in the very near future.

[Yamamoto] The relations between the LDP and the Sakigake are getting better, right?

[Takemura] Probably.

[Yamamoto] Thank you very much for joining us today.

Bonds Hit 22.5 Percent of Revenue for FY94

OW2702120795 Tokyo KYODO in English 1008 GMT 27 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO—Borrowing to rebuild after last month's massive earthquake has pushed Japan's reliance on government bonds to a nine-year high of 22.5 percent of revenues, Finance Ministry officials said Monday [27 February].

Bond reliance, growing steadily since fiscal 1991 when bonds comprised just 9.5 percent of government revenues, hit 18.7 percent in the initial budget for fiscal 1994 ending next month.

But a supplementary budget to finance farm policies to comply with world trade accords and a quake-reconstruction supplement have jacked the ratio to its highest since fiscal 1985, they said.

The two supplementary budgets authorize the government to float a total of 2,847.0 billion yen in government bonds, pushing the balance at the end of the fiscal year to an expected 207,558.0 billion yen, the officials said.

Former Credit Union Leaders To Be Summoned

OW2802075795 Tokyo KYODO in English 0702 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The House of Representatives Budget Committee voted unanimously Tuesday [28 February] to call the former presidents of two debt-ridden credit unions to testify before it over their suspected roles in allegedly illegal loans.

On Monday, Tokyo Kyowa Credit Association and Anzen Credit Bank filed separate complaints against Harunori Takahashi, 49, former president of Tokyo Kyowa, and Shinsuke Suzuki, 46, former president of Anzen, for alleged breach of trust.

Takahashi will be called to testify before the committee from 10 A.M. March 9 and Suzuki from 1 P.M. the same day.

The financial institutions they headed are scheduled to be merged in March into Tokyo Kyodou Bank, which was set up specially for the purpose in a controversial bailout operation led by the Bank of Japan.

The Diet questioning will focus on the allegedly reckless lending of the two credit unions and the reported cozy relations between the two executives and senior officials at the Finance Ministry, according to Diet sources.

In the complaints filed with the Tokyo District Public Prosecutor's Office and the Tokyo Metropolitan Police Department, the credit unions accused the two men of damaging them by extending illegal loans without sufficient security.

According to the Tokyo Metropolitan Government, which supervises the credit unions, the two institutions have 110 billion yen in unrecoverable loans, including 44.8 billion yen to companies run by takahashi and 53.5 billion yen to companies with close links with suzuki.

Metropolitan government officials have said Takahashi and Suzuki provided loans beyond legal limits to companies affiliated with them without getting the approval of either credit union's board of directors.

Under the bailout plan mapped out by the Bank of Japan, the Tokyo Metropolitan Government and private banks set up Tokyo Kyodou Bank to take over the two credit unions until their bad loans can be written off.

The lower house budget panel also decided to subpoeana related documents, including lists of major depositors and borrowers, from the two credit unions, the Finance Ministry and the central bank.

Kono Supports Diet Resolution Against War

OW2802113795 Tokyo KYODO in English 0914 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—Foreign Minister Yohei Kono on Tuesday [28 February] showed personal support for the proposed Diet resolution to renounce war.

In a session of the House of Councillors Foreign Affairs Committee, Kono said he wants to see an agreement among the three ruling coalition partners over the text of the resolution that is to coincide with the 50th anniversary of the end of World War II.

Kono made the remarks in response to questions at the committee session by Kinuko Obuchi, Social Democratic Party (SDP) member of the upper house.

Obuchi urged Kono, as president of the Liberal Democratic Party (LDP), to take the leadership for the resolution, but Kono made no specific comments.

Kono's LDP party is a member of the ruling coalition, together with the SDP and New Party Sakigake.

Some rightist members in the LDP as well as in the opposition camp have opposed such an antiwar resolution on grounds it would insult Japanese soldiers killed in the war and their bereaved families.

More on 2d Extra Budget of 1.02 Trillion Yen

OW2802081195 Tokyo KYODO in English 0756 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The House of Councillors passed into law Tuesday [28 February] a second fiscal 1994 supplementary budget and five bills related to the great hanshin earthquake.

The extra budget to finance restoration of areas hit by the Jan. 17 earthquake totaled 1,022.3 billion yen, including 141.02 billion yen for such quake rescue measures as building of temporary housing and condolence money for quake sufferers and 659.36 billion yen to cover reconstruction-related public works projects.

In order to finance emergency quake measures and to make up for a tax revenue shortfall, 1.59 trillion yen in public bonds will be issued—779.4 billion yen in construction bonds and 810.6 billion yen in deficit-covering bonds.

It will be the first time in five years that deficit-covering bonds have been issued without specifying redemption funds beforehand.

The extra budget brought the total amount of the general account budget for fiscal 1994 ending March 31 to 73.43 trillion yen.

The five quake-related laws are for special financial assistance, exceptional local allocation tax for fiscal 1994, exceptional issuance of government bonds for the year, emergency measures for postponement of validity terms for licenses and special measures to promote hiring unemployed quake victims for public works reconstruction projects.

Government Decentralization Bill Approved

OW2802013995 Tokyo KYODO in English 0033 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—The cabinet of Prime Minister Tomiichi Murayama on Tuesday [28 February] approved a bill designed to promote the decentralization of government functions, a crucial policy objective of Murayama's administration.

The bill will be submitted to the current Diet session due to end in June, and is expected to be enacted because both ruling and opposition camps have agreed on basic points.

The main pillar of the bill is the establishment of an advisory council to promote decentralization, with the aim of enhancing the individuality and vitality of each local community by transferring parts of the central government's powers to local governments.

The council, whose seven members will be appointed by Murayama with the consent of the two Diet chambers, will advise the government on its plans and policies for decentralization. The council will also monitor such plans and policies, officials said.

The bill, if enacted, will be effective for five years in order to achieve decentralization at an early stage, they said.

In dividing tasks between the central and local governments, the bill will reaffirm the central government's role as overseeing policies, which directly concern the existence of the nation, and nationwide projects, while local governments take charge of overall local administration.

Murayama Rejects Imminent Cabinet Reshuffle

OW2802022195 Tokyo KYODO in English 0215 GMT 28 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO—Prime Minister Tomiichi Murayama on Tuesday [28 February] ruled out the possibility of an imminent face-lift of his 8-month-old cabinet.

"I am not considering such an idea. The only thing I must do now is put all my energy into helping pass the budget program, and the rehabilitation and reconstruction of the disaster-hit areas," the premier told reporters at the Diet building.

Speculation is rife that an early cabinet changeover is required, partly to soothe tension among the three governing coalition parties over the course of administrative reform.

Murayama, who assumed office last June as Japan's first socialist premier in 47 years, also said he is not considering a cabinet shakeup following the passage of the fiscal 1995 national budget expected to come by March 23.

Murayama's Use of Advisory Panels 'Ineffective'

OW2802050795 Tokyo ASAHI SHIMBUN in Japanese 27 Feb 95 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama is resorting to a political tactic in which he seeks public opinion on important political tasks, such as administrative reform and post-great Hanshin earthquake measures, by setting up, one after another, advisory panels, the members of which will mainly come from the private sector, and holding informal talks with individuals from the private sector. The official explanation given for Murayama's moves is that "incorporating the wisdom of the people into policies is a basic principle of democracy" (as stated by Chief Cabinet Secretary Kozo Igarashi). However, because the Murayama administration has been criticized for being "dominated by bureaucrats" or "controlled by the Liberal Democratic Party," it seems all the more the case that the prime minister's moves are apparently aimed at evading such criticism by stressing that he intends to listen to private sector opinion. Nevertheless, because the Prime Minister's Office remains unable to take the initiative when it comes to the all-important issue of making policy decisions, creating more "advisory panels" may underscore its weaknesses instead.

Since last fall, the Murayama administration has set up four major advisory panels, among other bodies, which consist mainly of individuals from the private sector.

The "Group 21" [21 Kai] was formed last October, backed by strong support from Shusei Tanaka, acting secretary general of Sakigake [Harbinger], and Construction Minister Koken Nosaka. After holding several meetings in which Murayama participated, the panel plans to submit a report of its recommendations in March regarding medium-term government policies. Although the initial plan was to formulate the prime minister's policy concept upon receiving this report, currently "there are no plans to make any further announcement" (as stated by the prime minister's close aide) because it is expected that the report may contain material critical of the Murayama administration's policy of protecting farmers. Thus, the panel's aspirations may peter out in the end.

The Administrative Reform Committee and the Deregulation Study Committee have been formed in connection with the issue of administrative reform, the most important task of the Murayama administration.

When the Administrative Reform Committee was formed, it was decided at first that a civilian would be chosen to head the committee secretariat in response to criticism that "administrative reform efforts would be watered down if bureaucrats were allowed to take control." However, on the grounds that there is a "shortage of personnel," it now seems that the position will be filled by the director of the Management and Coordinating Agency's Administrative inspection Bureau, who will serve in both positions concurrently. Thus, hopes of eradicating "bureaucratic domination" seem to merely be fading away.

As for the Deregulation Study Committee, the Prime Minister's Office was indifferent to setting it up in the first place. In fact, it reluctantly agreed to do so only after being pushed by the Federation of Economic Organizations of Japan and other groups. It seems that in the case of administrative reform, Murayama has been unable to fully exploit his idea of adopting the private sector's opinion.

The Hanshin-Awaji Restoration Committee was set up in connection with the great Hanshin earthquake. The Murayama administration now plans to set up before the end of the current fiscal year an "Ad Hoc Council on Disasters" (tentative name) to help with the work of reviewing the nation's disaster-prevention system.

In explaining the reason for setting up these advisory groups, Chief Cabinet Secretary Igarashi has said, "Administrative agencies will always lag behind the times if debates are held only within government offices." He has thus ephasized that the bureaucracy by itself cannot respond to all the diverse needs of the people.

Some staff members of the Prime Minister's Office have expressed bewilderment, saying, "This administration listens to the opinions of academics without placing any preconditions at all regarding final decisions."

The administration of former Prime Minister Yasuhiro Nakasone, who is said to have made much use of a tactic called "council politics," tried to realize policy goals in a top-down fashion by giving more command and authority to Nakasone's own policy concepts via holding discussions at informal meetings and in other ways. With the Murayama administration, however, there are no preconditions attached regarding matters which are to be taken up by its advisory panels. Therefore, when it comes to dealing with the final recommendations that these panels come up with, the administration's capabilities will likely be put to the test.

NFP Begins Basic Security Policy Discussion

OW2802072095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Feb 95 Morning Edition p 2

[FBIS Translated Text] The New Frontier Party [NFP] has begun to be fully engaged in formulating its basic policy on security, which the NFP had failed to decide before it was founded. The "project team for basic security issues" (chaired by Yukihisa Yoshida) has been newly formed within the NFP to discuss several problems, such as a question of unfreezing [Japan's] participation in UN peacekeeping forces (PKF). The council intends to reach a conclusion before elections for the House of Councillors set for this summer. However, there is a gap in views between ex-Shinseito [Japan Renewal Party] and ex-Japan Democratic Socialist Party [DSP] members, and ex-Komeito [Clean Government Party] members. While the former group is positive toward expanding Japan's military role in the international community, the latter group takes its stand from Soka Gakkai's [Buddhist organization] pacifistic policy. The coordination is likely to face tough going.

In addition to the issue of whether to unfreeze participation in the PKF, the project team, which has been set up under the policy council, will discuss the following: 1) the propriety of employing the right of collective self-defense; 2) the Japanese-U.S. security treaty; 3) the management of the armed forces and disarmament in the Asia-Pacific region; and 4) crisis management. A total of eight meetings will be held from March to May to prepare the draft basic policy by the end of May. The final party decision will be made before the upper house elections this summer. Experts will also join in the discussion.

The preparatory committee for creating a new party (which became the NFP) formulated the basic platform, including a security policy, prior to the NFP's founding in November of last year. However, as for several questions, such as the PKF issue, it has postponed reaching conclusions after the NFP was founded. While ex-Shinseito and ex-DSP members call for unfreezing participation in PKF, and approval for the employment of the right to collective self-defense, which the present government regards as unconstitutional, the ex-Komeito members insist it is premature to take such actions.

Some ex-Komeito members, including Nobuaki Futami, member of the NFP's "Tomorrow Cabinet" in charge of security issues, seem to be able to compromise with ex-Shinseito members, because they say they will not oppose lifting the ban on participation in PKF if these activities are based on the so-called five principles [on Japan's participation in PKF]. Some party officials remain optimistic, saying, "The party is beginning to seek a unification of policies" with the upper house election approaching. Actually, however, "regarding the issue of the right to collective self-defense, the difference in views between ex-Shinseito and ex-Komeito members remains the same as before the party's founding," (according to an ex-Komeito Diet member).

The project team, which all NFP officials will join, will be run under the leadership of ex-Shinseito and ex-DSP officials—Chairman Yoshida (ex-DSP member), and Hideaki Tamura (ex-Shinseito member), chief secretary of the project team. The discussion is likely to become heated because Yuichi Ichikawa, chairman of the NFP Policy Research Council and a former Komeito member, and who holds his own opinion on the security issue, is said to want to participate in the discussion.

Support for Yamahana's NDL Faction Dwindling

OW2402005095 Tokyo ASAHI SHIMBUN in Japanese 23 Feb 95 Morning Edition p 9

[FBIS Translated Text] On 22 February, for the first time in six weeks, the New Democratic League [NDL], a parliamentary group composed of approximately 60 lawmakers of the Social Democratic Party of Japan [SDPJ], held a board meeting at the Lower House Members' Office. Although former SDPJ Chairman Sadao Yamahana and other dietmen established a "group to promote formation of a new group," their actions to form the NDL have been stalled. At the board meeting, some complained about the actions of Yamahana and other members.

In addition to Yamahana and his close associates—including SDPJ Policy Research Council Chairman Nobuyuki Sekiyama, Dietman Junsuke Iwata, and eight other members attended the borad meeting. Addressing the discord among NDL members, Yamahana said he would "like to aplogize if he has something to aplogize for." He called for the NDL to reunite. Iwata criticized Yamahana and other members of the group. He said that while there is movement within the SDPJ to support the formation of a new party, the secession of 20-30 members from the SDPJ cannot generate a big enough force to be effective. There is not enough support to form a new party.

That same night, Yamahana dined with senior NDL members—Kosuke Uehara, deputy SDPJ chairman; Yuzuru Shimazaki, former deputy SDPJ chairman. They talked about maintaining united front for NDL. However, opinions were divided over the timetable for formation of the new party.

In the wake of Hanshin earthquake, the Yamahana group halted its move to form a new party. Labor unions which support the Yamahana group, including the Japan Postal Workers' Union and the Japan Telecommunications Workers' Union, still want to form a new party supported by wide-ranging organizations. Because of this, Yamahana and his associates want to expand their influence within the SDPJ by using the NDL as a springboard. However, the response of other SDPJ dmembers supported by the All Japan Prefectural and Municipal Workers' Union has been cool. These members did not join the Yamahana group. There is no indication that full-scale activity toward formation of the NDL will resume.

JDB To Help Finance Reconstruction of Hanshin

OW2402145695 Tokyo KYODO in English 1240 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Japan Development Bank [JDB] said Friday [24 February] it will extend special loans to help finance the reconstruction or reinforcement of private-sector large-scale buildings in urban areas heavily damaged by the great Hanshin earthquake.

Such loans will be made available for the reconstruction of office buildings, apartment houses, department stores and cultural facilities in quake-hit urban areas.

Projects to repair damaged facilities like department stores and cultural facilities which place emphasis on the beefing up of their quake resistance will also be funded.

A special interest rate of 4.8 percent per annum will apply to reconstruction loans and the long-term prime lending rate of 4.9 percent will apply to repair loans.

General reconstruction and repair loans will be allowed to cover up to 40 percent of total costs, while loans for reconstruction under redevelopment or rezoning projects can cover up to half of the total costs.

Panel on Program To Lower Public Works Costs

OW2202141395 Tokyo KYODO in English 1220 GMT 22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—The Construction Ministry held a meeting Wednesday [22 February] to assess the implementation of an action program designed to bring down the costs of public works projects, officials said.

The program was laid down last December to study ways to narrow the price gap between Japan and other industrialized nations regarding construction projects.

The officials said the review was made at the inaugural session of a high-level follow-up commission on a list of about 60 measures incorporated in the program.

Representatives of public corporations, including Japan Highway Public Corp., attended the session as observers, the officials said.

They said the commission decided to set up a working group to continue the study in consultation with other ministries concerned.

North Korea

Commentary on Poland's Withdrawal From NNSC

Ministry Releases Press Statement

SK2802094295 Pyongyang Korean Central Broadcasting Network in Korean 0803 GMT 28 Feb 95

[Press statement by the DPRK Foreign Ministry spokesman released on 28 February; place not given—read by announcer]

[FBIS Translated Text] On 28 February, a spokesman for the DPRK Foreign Ministry issued a press statement in connection with the fact that the United States and some of its satellite forces [chujong seryokdul] are distorting the truth on the Polish contingent's withdrawal from the Neutral Nations Supervisory Commission [NNSC].

A press statement issued by a spokesman for the DPRK Foreign Ministry:

In recent days, the United States and some of its satellite forces are distorting the fact in a vociferous way [waegokhayo ttodulodaego itta] in connection with the Polish contingent's withdrawal from the NNSC, as if we were violating the Armistice Agreement and international laws. This stems from their insidious purpose to shuffle off onto us the responsibility for the completely paralyzed armistice structure on the Korean peninsula and to block the process of establishing a new peace system [pyonghwa pojang chegye].

The question of the Polish contingent's withdrawal from the NNSC was raised as a matter-of-course result of the maneuvers the United States of having systematically destroyed and obliterated the Korean Armistice Agreement and the armistice structure.

It is a well-known fact that the U.S. side, a signatory to the Armistice Agreement, has turned the clauses in the agreement and the devices for the implementation of the agreement clauses into those which exist only in name, to the advantage of its occupation of South Korea and its own arms build-up.

In June 1956, the U.S. side coercively pulled the NNSC observation teams, which had been organized in accordance with Clauses 40 and 43, Article 2 of the Armistice Agreement, out of its own area. In June 1957, the U.S. side unilaterally scrapped items D and E of the Armistice Agreement's Clause 13, which stipulate the cessation of the introduction into Korea of military personnel and operational materials, the basic duty of the NNSC. As a result, the legal validity of Clauses 41 and 42 of the Armistice Agreement, which stipulate that the mission of the NNSC shall be to conduct surveillance and inspections over the introduction of military personnel and operational materials, was also lost.

In fact, since that time, the NNSC has come to exist only in name.

In addition, in March 1991, the U.S. side had a South Korean puppet army general, who is unqualified and not even a party concerned in the Armistice Agreement, become the chief member of the Military Armistice Commission [MAC], thus paralyzed [mabisikyotta] the function of the MAC, which is the basic armistice supervisory organization. All the U.S. acts of destruction and obliteration [pagoe malsal haengwidul] were committed unilaterally [ilbangjoguro kanghaengdoen] without any agreement with us. Thus, Article 5, Paragraph 61 of the Armistice Agreement, stipulating that any modification or supplement must be done only under mutual agreement between the commanding officers of the two sides, has lost its legal validity.

Under the circumstances in which the MAC and its NNSC affiliation are destroyed and paralyzed [pagoe mabidoego] by the U.S. side—one of the signatories—and in which we can no longer bear any hope from these organizations, it is a matter of the right of independence of a sovereign country that we take the corresponding measure. It is also in accordance with international law. Therefore, in April 1994, we made a proposal to negotiate the establishment of a solid peace system and, in order to pursue the proposal, took a measure to voluntarily [chudongjoguro] withdraw our delegation from the MAC. The Chinese People's Volunteers side also took the measure to withdraw its delegation in accordance with the Korean war situation.

Under the circumstances in which the DPRK and the PRC completely withdrew from the MAC, the organization on which the Polish delegation to the NNSC used to depend on naturally disappeared. We had expected the Polish side would also act according to the current situation. However, it did not. Hence, the DPRK Government cannot but take the measure to suspend the legal validity of its designation and invitation extended to Poland in July 1953, when the Armistice Agreement of Korea was signed, to become a member state of the NNSC.

The withdrawal of the Polish delegation to the NNSC was raised also because of its unproductive status. Presently, the NNSC is doing nothing but eating and sleeping. If there is anything it does do is to play the role of camouflage that justifies the unfair position [pudanghan yipchang] of the United States to cling to the Cold War system, which has already ended.

Whether there is an NNSC or not, the United States arbitrarily [chemaumdaero] builds up arms in South Korea and carries out adventurous war exercises. Such a reality compels us to feel no need to maintain the Polish delegation even by paying unproductive expenses [irohan hyonsirun uriro hayogum pisaengsanjogin chichullul kyesok tamdang hamyonsokkaji polska taepyodanul yujihaeyahal piryosongul nukijiange hagoita].

The issue regarding the withdrawal of the Polish delegation, which was stationed at the NNSC, is a compulsory requirement that must be met for the establishment of a durable peace system on the Korean peninsula.

Nevertheless, the United States and some of its satellite forces have neglected our proposal for holding negotiations on setting up a new peace system on the Korean peninsula and are attempting to hold on to the armistice system at any cost.

In this way, the United States is using the NNSC as its important leverage [konggan]. Accordingly, the issue regarding the withdrawal of the Polish delegation is not purely linked with the relations between Poland and us [sunsu uriwa polska saiui kwangye munjega anira] but it is an issue that is linked with a stance whether there is a sincere aspiration for durable peace and security on the Korean peninsula or confrontation and a tense situation—as if we were in the Cold War era—are still aspired.

We aim at ending the current armistice status—a relic of the Cold War era—at any cost and at going forward to set up a peace guarantee system that meets a realistic requirement. Therefore, we welcome that the Polish Government expressed its understanding to our advice [kwongo] and withdrew its delegation from the NNSC. In addition, it will contribute to promoting the peace process on the Korean peninsula.

The United States and its satellite forces should squarely see the world trend that goes toward detente and easing confrontation between the East and the West and the reality that has been created on the Korean peninsula, and should act in favor of maintaining peace. If our opponent does not act in this way and creates complexities, we cannot but again take a just countermeasure against it [uriui taebangi iroke hajiango pokchapsongul chosonghandamyon urinun kue taeunghan chongdanghan chochwirul tto chwihaji annulsu opkedoelgosida].

'Natural Result' of U.S. Acts

SK2802105995 Pyongyang KCNA in English 1050 GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea today published a statement refuting the distorted argument of the United States and some of its followers that the Democratic People's Republic of Korea violated the Armistice Agreement and international law over the issue of the withdrawal of the Polish delegation from the Neutral Nations Supervisory Commission (NNSC).

Follows a summary of the statement:

The cropping up of the issue of the withdrawal of the Polish delegation from the NNSC is a natural result of the systematic acts of the United States in destroying the Korean Armistice Agreement and armistice machine.

It is widely known to the world that the U.S. side, a signatory to the Armistice Agreement, has reduced provisions of the agreement and its enforcement devices to nominal things in favor of its occupation of South Korea and arms buildup.

The Military Armistice Commission (MAC) and the NNSC, its auxiliary organ, were destroyed and paralysed by the U.S. side, a signatory to the agreement, and no more hope could be hinged on them. It is a matter pertaining to the sovereignty of a sovereign state and it conforms to the international legal relations for us to take commensurate steps under this condition.

So the DPRK proposed negotiation for establishing a solid peace mechanism in April last year and took steps of withdrawing its delegation from the MAC on its own initiative to accelerate its process.

The side of the Chinese People's Volunteers, too, withdrew its delegation in keeping with the obtaining situation.

With the Korean-Chinese side completely withdrawn from the MAC, the Polish delegation to the NNSC automatically lost even the machine to rely on.

We expected that the Polish side would act in conformity with the prevailing situation. But our expectation was not answered.

So, the DPRK Government could not but suspend the legal validity of the designation and invitation of Poland as a member nation of the NNSC in July 1953 when the Korean Armistice Agreement was signed.

The withdrawal of the Polish delegation from the NNSC has been raised also because of the unproductive position of the NNSC today.

The NNSC has nothing to do now. Its members only eat and sleep. If there is anything it does, it plays the role of a camouflage for justifying the unreasonable stand of the United States for maintaining the already destroyed Cold War system.

The United States, regardless of the existence of the NNSC, is freely reinforcing its Armed Forces and staging adventurous military exercises in South Korea. So we do not feel the need to maintain the Polish delegation, continuously bearing the burden of unproductive expenditure.

The withdrawal of the Polish delegation from the NNSC is indispensable also for the establishment of a solid peace mechanism in the Korean peninsula.

Therefore, it deserves welcome for the Polish Government to withdraw its delegation from the NNSC, expressing understanding to our recommendation, and it will be conducive to the promotion of the peace process in the Korean peninsula.

The United States and the forces following it must act favorably to the preservation of peace, clearly seeing the trend of the world going toward detente after the termination of the East-West confrontation and the situation created in the Korean peninsula.

If our partner fails to do so and create complexity, we will be left with no other choice but to take a legitimate step to cope with this.

Delegates 'Threatened' With Arrest

OW2802130095 Tokyo KYODO in English 1235 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, Feb. 28 KYODO—The six-man Polish delegation to the Neutral Nations Supervisory Commission (NNSC), forced out of the truce village of Panmunjom early Tuesday [28 February], would have been arrested by North Korean authorities if they had refused to leave, Polish diplomatic sources in Beijing said.

The sources said North Korean authorities had threatened to immediately arrest the delegation members as illegal immigrants if they did not leave by 10 A.M. local time Tuesday.

The delegation, headed by Gen. Krystof Owczarek, left just before the deadline in transportation provided by the Polish Embassy and unaided by two North Korean officials there to videotape the departure, they said.

No ceremonies were held to mark the end of the Polish presence which had been in the truce village since the commission was set up in 1953 as a neutral observer to the Korean armistice, they said.

In related developments, informed sources in Beijing said Tuesday that the Chinese Foreign Ministry had rejected Poland's request to establish its neutral observer presence in Beijing.

Poland has indicated it will continue its duties, the sources said, and cited China's withdrawal from the demilitarized zone last year while simultaneously maintaining its duties in the Military Armistice Commission as a basis for the request.

ROK 'More Openly Seeking' 'Confrontation'

SK2802044795 Pyongyang KCNA in English 0440 GMT 28 Feb 95

["Confrontation and War Lead to Destruction"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The South Korean puppets decided to purchase 168 air-to-ground missiles from the United States and had a military confab with the chairman of the Joint Chiefs of Staff of the Japanese "Self-Defence Forces" by inviting him to South Korea. These facts indicate that they are more openly seeking North-South confrontation and war in league with outside forces, going against the trend of the times and the desire of the nation.

NODONG SINMUN notes this in a commentary today.

The analyst says:

Lurking behind the decision to introduce air-to-ground missiles is a heinous intention of the puppets to further turn South Korea into a show-window of sophisticated weapons and impose the scourge of war upon the nation at any cost.

In recent years the Japanese reactionaries have put spurs to arms buildup, seeking to turn Japan into a military power. Now they are dreaming of restoring the old position of the colonial ruler in Korea.

This is why the South Korean people are lifting up voices denouncing the crimes committed by the Japanese imperialists in the past and calling for caution against Japan's reinvasion.

This notwithstanding, the Kim Yong-sam traitor clique is flinging the door open to the Japanese reactionaries for their reinvasion.

It is clear that the Kim Yong-sam traitor clique in the grip of a hopeless crisis consequent upon the failure of what they call "civilian reform policy" and their "policy toward the North and foreign policy" is trying to find a way out of it in a more acute North-South confrontation and belligerent moves.

But this will bring nothing but destruction to the Kim Yong-sam traitor clique.

The traitor clique must stop running about rashly and act with discretion.

ROK, Japan Military Cooperation Criticized

SK2802103395 Pyongyang KCNA in English 1012 GMT 28 Feb 95

["Dangerous Military Tieup"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The chairman of the Joint Chiefs of Staff of the Japan "Self-Defence Forces" [SDF] and the South Korean puppet military bosses held military confabs, at which they decided to maintain close military cooperation against "missile threat from the DPRK, hold "joint rescue exercises" of the Japan naval "SDF" and the puppet Navy and let fleets of both sides call at each other's ports regularly.

NODONG SINMUN today notes that this was motivated by their intention to stifle the DPRK with strength.

The news analyst says:

The military tieup between Japan and the South Korean puppets has expanded to a wide range such as mutual visits of high-ranking military personnel, exchange of information, supply of weapon technology and joint military exercises.

The traitorous Kim Yong-sam group, kowtowing to its Japanese master, schemes to survive the crisis in its rule and invade the North for unification with his help.

The Japanese reactionaries intend to reinvade Korea, taking advantage of the South Korean puppets' fever for invasion of the North for unification. They plan to use the puppets as a pilot for their reinvasion of Korea.

The military tieup between them is a factor of growing tensions and increasing danger of war on the Korean peninsula and in Asia.

The Japanese reactionaries and the South Korean puppets must realise that their military collusion will precipitate their own destruction.

ROK 'War Exercise' on 21, 22 Feb Reported

SK2702012595 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 23 Feb 95

[FBIS Translated Text] According to military sources, on 21 and 22 February, the South Korean puppets reinforced their weapons right in front of our noses in areas near the front and frenziedly engaged in a war exercise aimed at northward aggression.

Around 1300 [0400 GMT] on 21 February and 1530 [0630 GMT] on 22 February, the puppets deployed some 400 bandits fully armed with heavy weapons and automatic arms from deep areas, and positioned them for actual combat deployment at the very front along the demarcation line in (Manu-ri), Paju County; and Oechon-ri, Chorwon County in the South Korean Kangwon Province. Around 0930 [0130 GMT] on 21 February, they made a commotion by driving some 10 military vehicles fully loaded with lethal equipment to the field camps in front of our nose in the area near Kangsan-ri, Chorwon County in the South Korean Kangwon Province.

Around 1100 [0200 GMT] on 22 February, the puppet army's heavy tank group mobilized and deployed to the demarcation line in Kumpa- ri, Paju County, moved along the riverside road in the south of Yimjin River and headed for the Military Demarcation Line while firing more than 50 tank shells. Prior to this, around 1000 [0100 GMT] on 21 February, two puppet army's fighter-bomber planes flew around the very front in Sohwa-ri, Inje County, jarring our nerves.

From around 1900 [1000 GMT] to 2100 on 22 February, the puppet army infantry units took attack advance position near the Demilitarized Zone [DMZ] in Ogum-ri, Paju County; Korangpo-ri, Yonchon County; and (Igil-ri), Chorwon County in the South Korean Kangwon Province. Firing over 50 flare bombs, they wildly conducted a night war exercise for northward aggression. On the same day, the puppet army's 105-mm artillery groups were mobilized and deployed to the firing position in front of our nose in the areas near (Chungpa- ri), Yonchon County; and Hapo-ri, Paju County. They poured more than 150 gun shells near the DMZ. Prior to this, on 21 February, the puppet army's armed bandits were deployed to advance into no- name hills and ridges connected to the DMZ area of northern Sogong- ri and (Rosang-ri) in Paju County; Naepo-ri, Chorwon County in the South Korean Kangwon Province. They randomly fired over 1,000 shots of large-caliber automatic guns and rifles, heightening the confrontation atmosphere.

The South Korean puppet army's reckless war maneuvers are becoming more serious every day in the DMZ area along the Military Demarcation Line. This is a grave challenge to the longing for reunification by the entire nation.

ROK's Attempt To Obtain UNSC Seat Denounced

SK2702094095 Pyongyang Korean Central Broadcasting Network in Korean 1253 GMT 25 Feb 95

[Commentary: "They Do Not Have a Bit of Morality and Decency"]

[FBIS Translated Text] If we are to point out those who do not have any morality and decency in this world, we must point out the South Korean puppets first. The scoundrels who do not know where to sit or stand can commit any kind of acts, but for them to struggle to obtain a seat as a non-permanent member of the UN Security Council [SC] is indeed a laughing matter.

A non-permanent member of the UN Security Council for 1996-1997 will be elected in this year's 50th UN General Assembly. There will be one seat for the Asian region. In this connection, Asian countries allotted this seat for a South Asian country according to the order which has become a custom in this region, and, consequently, Sri Lanka became a candidate. Nevertheless, the South Korean puppets pushed aside Sri Lanka and are bustling about to obtain that seat.

Last year, the puppet foreign minister visited Asian countries, including Thailand and Indonesia, and currently the puppet foreign minister's so-called roving ambassadors, who are saying they are envoys of Kim Yong-sam; are visiting African countries, including Ghana and Senegal. They are carrying out begging diplomacy.

Truly, the bustle by the puppets, who do not have the qualifications and justification to become a non-permanent member of the UN Security Council, without knowing of the situation they are in, astonish the people.

South Korea is a place where human rights are being infringed upon the most. This is officially recognized by the international society. As a colonial puppet, the Kim Yong-sam ring is an extremely wicked fascist tyrant and war maniac wearing the mask of a civilian government. The South Korean puppets are playing in the hands of outside forces without any real power and sovereign right. They are also wielding the National Security Law, which is a fascist evil law of the times, and are busily enraged in suppressing the people, changing the charges and circumstances as they please.

In collusion with outside forces, the South Korean puppets are holding war exercises; intensifying a tense situation on the Korean peninsula and the Asia and Pacific region; and are bringing about a danger of a war. For such fellows to run amok indiscreetly to obtain a seat in the UN's important executive organ is truly a political comic.

Moreover, what is making the people furious is that it is scorning other countries regardless of its seedy appearance. The problem does not lies here alone. Up until now, the Asian countries had respected the custom of electing a non-permanent member among the countries in their region and regarded the manifestation of a magnificent cooperative spirit as a just morality.

In this regard, the Asian group project in the United Nations was smoothly carried out and obtained its dignity. Just as one mudfish clouds all the water of a puddle, the South Korean puppets are presumptuously stepping forward and are overturning customs and tradition, and are trying to disgrace the Asian countries.

As is known, South Korea is not a member of the Nonaligned Movement. Therefore, it is not likely at all for such a South Korea to speak for the intention and interest of the developing countries at the UN Security Council. South Korea even pushed aside the country that already became a candidate and is trying to occupy that position. If it becomes a member of the UN Security Council, South Korea will assume an air of importance; will all the more look down upon the other developing countries; and will unhesitatingly abandon them.

When viewing all things, it is clear that South Korea will carry out work that will be harmful to the developing countries if it becomes a member of the UN Security Council. This is recognizable from the fact that South Korea is regarding the fellow countrymen as an enemy and has aggravated North-South relations to the utmost.

The DPRK-U.S. agreed framework coincides with the purpose and principle of the United Nations. Therefore, it is receiving international support and welcome. However, the South Korean puppets are persistently interfering in the implementation of the DPRK-U.S. agreed framework, and do not want Korea's peace and reunification. Can such South Korean puppets indeed speak for another countries' interests? The circumstance of the South Korean puppets, who are flustering about thoughtlessly, is very pitiful.

There is an old saying that goes: Don't even look up at a tree that you cannot climb. The South Korean puppets, however, go mad, if they cannot realize their ugly purpose. The people who treasure justice and truth will not allow the rash acts by the South Korean puppets.

Kim Yong-sam's Upcoming European Trip Criticized

SK2802104995 Pyongyang KCNA in English 1024 GMT 28 Feb 95

["European Trip of Traitor Destined To End in Failure"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—The traitor Kim Yong-sam will reportedly tour such European countries as France, the Czech

Republic, Germany and Britain early in March and then attend the world summit meeting on social development slated in Denmark.

The planned European trip of the traitor is a humiliating tour for diplomatic solicitation intended to bolster up at any cost the "civilian fascist regime driven into tight straits, isolated and spurned at home and abroad and get "support" of European countries in doing harm to the Democratic People's Republic of Korea.

Kim Yong-sam has entreated his American patron to link the implementation of the DPRK-U.S. agreed framework with the North- South dialogue. As if it were not enough he intends to visit European countries and ask them to "support" this indirectly. This is arousing curses from the nation.

Having spoiled the climate of dialogue, coiling up the tensions on the Korean peninsula with a volley of bellicose outbursts, the puppets frequented the United States to ask it to "keep pace with the North-South dialogue" in implementing the agreed framework. And now they eye European countries for support. This well shows to what extent they have gone in their humiliating "diplomacy" to obstruct the implementation of the agreed framework and harm the fellow countrymen in the North.

The crafty ruse of the puppets to conceal their splittist and confrontational schemes and divert elsewhere the attention of the European countries from the DPRK by playing petty tricks and staging useless farces only reveals their wretched lot.

Ridiculous enough is the noisy advertisement of the Kim Yong-sam group that in the forthcoming trip they will demonstrate a "new model" of "economic prosperity" and "political democratisation".

Its colonial economy in the clutches of outside forces going bankrupt, South Korea is saddled with foreign debts totalling more than 67 billion dollars now.

It is the height of sarcasm that the puppets, staggering under the heavy debts which can never be repaid, are drivelling about "economic prosperity".

And it is an intolerable mockery of public opinion for South Korea to [word indistinct] eloquent about its "political democratisation", while being branded as the worst theatre of fascist rowdyism in the world where elementary freedom and rights of humanity are ruthlessly violated and guiltless people are thrown behind bars every day on the strength of the notorious "National Security Law."

South Korea is a true "model" of economic bankruptcy and human rights abuses. It is self-evident that it cannot win sympathy of European countries.

The traitor Kim Yong-sam said that during the trip he would "broach" the issue of South Korea's non-permanent membership of the United Nations Security Council. This is quite disgusting.

South Korea, a mere colonial puppet which has no sovereignty and say, cannot utter a word in the United Nations. It reminds us of a fool trying to pluck a star from the sky for it to cast a covetous eye on a non-permanent seat of the U.N. Security Council.

Kim Yong-sam also brought together a balderdash about "diversification of diplomacy". It is an ugly rigmarole to embellish the humiliating "diplomacy" which has suffered setbacks repeatedly.

Thus, Kim Yong-sam is bluffing as if he could gain "success" in his European trip. But this is the megalomania of a lunatic who cannot look an inch ahead. The Europeans will scorn the fascist pose of Kim Yong-sam who waves his right arm stretched stiffly as Hitler did. This poise has caused quite a stir among the European diplomats in Seoul.

The traitor Kim Yong-sam who antagonizes the fellow countrymen and seeks to prolong his remaining days by currying favour with outside forces will get nothing from his planned trip. If anything, it will get protest, denunciation and derision of our people and progressive peoples of different countries who value the dignity and sovereignty of the nation and sincerely desire global peace and security.

Commentary Denounces 'Traitor' Kim Yong-sam

SK2402151295 Pyongyang KCNA in English 1506 GMT 24 Feb 95

["Kim Yong-sam Group's Crimes in Reducing S. Korea to Land of Social Vices Denounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—Today when nearly two years have passed since the traitor Kim Yong-sam took office, he must be made to answer for his crime in reducing the South Korean society to a corrupt, crime-riddled and disastrous society in which all sorts of social vices hold sway, says NODONG SINMUN in a commentary today.

The analyst notes:

When he was "sworn in," the traitor Kim Yong-sam kicked up a dust over the "elimination of injustice," blaring that there was no exception in "eliminating injustices and corruption" and "the reforms will begin from the upper quarters." But, stink assails the nostrils and garbage is piled up everywhere in South Korea.

The cases of misappropriation of money collected in taxes that began to be brought into light from the North district office of Inchon in September last year disclosed that "government" offices of 259 cities, counties and districts, including Seoul and Pusan, were all tax thieves. It must not go unnoticed here that the "Inchon mayor" and other corrupt officials are hand-picked vassals of the traitor Kim Yong-sam and they are all "recipients" of "commendations" of the "president" and "ministers".

This indicates that Kim Yong-sam encouraged the corruption of the tax thieves and took stolen money from them.

The traitor Kim Yong-sam laid aside 360 million won from the "fund for assisting unfortunate neighbours" collected by the "Ministry of Health and Social Affairs" and spent it in preparing "souvenirs for the inaugural ceremony of the president".

And, last year, he took tens of billions of won in return for the permit of production of Nissan cars to the Samsong Business Group.

In South Korea under the rule of the traitor Kim Yong-sam there have occurred in two years a string of big accidents in the sky and sea and on the land such as the explosion of a passenger plane, the sinking of a passenger vessel and the derailment of a passenger train and there have occurred heinous crimes previously unknown in South Korea incessantly, including robberies by three-men and five- men gangs, the chain murder case by the "Chijon group" and abduction and murder of women.

South Korea under the Kim Yong-sam regime is, indeed, a living hell at the end of the 20th century which is worse than that under the military dictatorship. This is the consequences on the treacherous rule of the Kim Yong-sam group which is utterly indifferent to the people's life.

The traitor Kim Yong-sam is a swindler and an idiot without an equal in the world, who has no political philosophy, pays no heed to the nation and has discarded human morality.

The traitor Kim Yong-sam is the source of the disasters and misery of the South Korean people.

South's 'Puppet' Prime Minister Yi Denounced

SK2402101595 Pyongyang KCNA in English 1004 GMT 24 Feb 95

["Rigmarole of Liegeman"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—South Korean puppet Prime Minister Yi Hong-ku, in his recent "policy speech for the new year," extolled to the skies the traitor Kim Yong-sam, who has committed crimes of blackest dye against the fellow countrymen since he came to power, loudly advertising his "administrative achievements." And he unleashed a worthless tirade on the orientation of "the policy."

In a commentary today NODONG SINMUN views this as a rigmarole of a liegeman full of lies.

By advertising "the administrative achievements" of the traitor Kim Yong-sam, who has driven South Korea into a political and economic crisis and reduced it to a living hell where a hundred and one social vices hold sway, Yi Hong-ku made it clear that he is another running dog and a wishy-washy fellow who wants to keep his post of "the prime minister", bereft of self-respect and reason of a statesman, the analyst says, and goes on:

He shoved off the responsibility for the deterioration of inter- Korean relations to the North. This is a foolish act reminding one of a thief crying "stop thief!"

He brought forward the issue of the implementation of the framework agreement between the Democratic People's Republic of Korea and the United States, giving the impressions that South Korea is willing to improve inter-Korean relations. Lurking behind this is a sinister intention to balk at the improvement of the DPRK-U.S. relations and lay another obstacle in the way of the implementation of the agreement.

The Kim Yong-sam group are led by the nose by outside forces and shoulder burdens for them. Yet they have the cheek to talk about their "role" in the implementation of the DPRK-U.S. agreement. This is really an obtrusive act of those who do not know their status.

Though Yi Hong-ku pretended to be interested in the implementation of the North-South agreement and dialogue, it was nothing but a trick to evade the responsibility for driving the North-South relations to the worst phase.

If the Kim Yong-sam group truly want the improvement of the North-South relations, they must show their will in practice by apologizing for their anti-national, anti-reunification and anti-ethical crimes and scrapping the notorious "National Security Law."

Commentary Views ROK Prime Minister's Speech

SK2702060995 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 24 Feb 95

[Commentary: "Gibberish by the New Crooked-Mouth Stooge"]

[FBIS Translated Text] Yi Hong-ku, who took office as the puppet prime minister at the end of last year, recently gave a so- called policy speech for the new year at the extraordinary session of the puppet National Assembly.

Bent on showing off about Kim Yong-sam, he boisterously advertised about the so-called administrative achievements of traitor Kim Yong-sam, who has committed unparalleled heinous crimes before the nation since he came into power. He unleashed preposterous remarks on the future orientation of its policy which are not even worthy of consideration. In addition, his speech was nothing but empty wordplay that was consistent with fiction and deceit, and hypocrisy and distortion from the beginning. Yi Hong-ku's advertisement of Kim Yong-sam's administrative achievements is a stooge's gibberish filled with deceit and lies.

Traitor Kim Yong-sam is known to have advertised that he would renew South Korea with the so-called new, civilian politics. However, he has turned South Korea into a living hell where no one can live because of the treacherous, antinational and antipeople politics. With new menacing politics dominated by public security issues, he has also turned South Korea into an underworld and a graveyard of democracy where the people's freedom and rights are trampled upon. With a new economic policy, new farm policy, and the scheme to open the rice market, its economy is on the verge of overall breakdown. All sorts of big accidents occurred, and social vices, including tax burglary, murder, and other crimes, soared, deepening the people's anxiety and fear with each passing day.

Seeing such social phenomena, the puppets themselves scream that all policies, including reform policies, are on the brink of collapse. Saying that South Korea is going to complete rot, not just ailing, the people of various levels strongly call for ousting [kkuronaerilgosul] Kim Yong-sam from power. The stark truth is that even the political circle is increasing its voice and saying that it can no longer entrust state affairs to the incompetent Kim Yong-sam and is calling for the impeachment of Kim Yong-sam during his term of office.

Nevertheless, Yi Hong-ku embarked upon advertising Kim Yong-sam's administrative achievements by babbling about the prevention of corruption and irregularities. This can only be uttered by a chieftain of stooges who plays the role of Kim Yong-sam's foot wrappings [palssagae]. Yi Hong-ku is another shaggy dog and a wishy-washy fellow bereft of a statesman's qualities of self-respect and reason who wants to keep the post of prime minister given to him by Kim Yong-sam.

Reversing black with white and saying this and that about inter-Korean relations is the worst part. He shoved off responsibility for the deterioration of North-South relations to others. However, such a crooked theory is unacceptable in today's bright world.

As the world recognizes, it is entirely the South Korean rulers who are wholly responsible for aggravating inter-Korean relations. Likewise, it is the Kim Yong-sam group that has totally banned and frozen inter-Korean dialogue, which had been carried on even in the period of the preceding military dictators; begged for sanctions and cooperative system by finding faults with our nonexistent nuclear issue; attempted to harm their fellow countrymen with the sword of outside forces; accelerated the buildup of arms with outside forces; and continuously aggravated the tense situation with frantic war exercises.

The Kim Yong-sam ring, especially, did not follow the formality of expressing condolences during the fellow countrymen's misfortune. On the contrary, they intensified confrontation by leveling gun points. The one who has driven North-South relations to its worst phase, attempts to shift the blame on others. This is like a thief turning on the victim with a club. What is more, he wagged his tongue to say that his heart aches because of deadlocked North-South relations. This is such a disgusting act.

What is more ridiculous is the fact that Yi Hong-ku talks as though he is willing to improve North-South relations and raised the issue of implementing the DPRK-U.S. Agreed Framework. This is not because he hopes for the resolution of the nuclear issue on the Korean peninsula nor because he has discovered a clue for a breakthrough in North-South relations. Lurking behind this is the sinister intention to poke in his nose into the implementation of the DPRK-U.S. Agreed Framework by any means; drive a wedge in the improvement of DPRK-U.S. relations; and to lay another obstacle in implementing the agreement.

The Kim Yong-sam group is led by the nose by outside forces and shoulders burdens for them. Yet they have the cheek to talk about their role in the implementation of the DPRK-U.S. agreement. This is really an obtrusive act of those who do not know their status.

Even though he talked as though he were interested in the implementation of the DPRK-U.S. Agreed Framework and dialogue, this was nothing but a trick to avoid the responsibility for driving North-South relations to its worst phase. This kind of cheap mask cannot convince anyone.

If the Kim Yong-sam ring truly wants to improve North-South relations, they must show their will in practice by apologizing for their anti-national, anti-reunification and anti-ethical crimes and by scrapping the notorious National Security Law.

Not carrying out acts that ought to be done naturally while still conducting empty wordplay is nothing but an indication that they will continue to drive inter-Korean relations toward confrontation and division. The Kim Yong-sam ring's acts will only further arouse our people's indignation and cement the South Korean people's will to overthrow the rebellious regime at an early date.

ROK Accused of Awakening Syngman Rhee Spirit

SK2502083895 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 23 Feb 95

[Commentary by Yun Pyong-son: "Why Do They Awaken Syngman Rhee's Departed Spirit?"]

[FBIS Translated Text] The departed spirit of Syngman Rhee, a vicious fascist dictator, has been recently awakened in South Korea. This arouses the people's indignation and astonishment. Under the protection of the puppet Kim Yong-sam authority, some in government-patronized journalistic companies have maintained that Syngman Rhee should be reassessed as the so-called father of the founding of the state. A picture of Syngman Rhee is placed on every street corner in Seoul, and a large exhibition on Syngman Rhee has opened to the public.

The South Korean puppets' ruinous act to awaken Syngman Rhee's departed spirit is another nation-selling act that can never be forgiven before history, as well as an unpardonable and profane act against justice and patriotism. This is an anti-national act that can never be justified.

As regards Syngman Rhee, he was a thorough pro-U.S. flunkeyist as well as a nation-selling traitor. At the Seoul Paejae School established by U.S. missionaries at the end of last century, he received a U.S. education. Turning his back on his fatherland and nation, he crossed over to the United States in 1904 and stayed there for over 40 years, persistently committing the treacherous act of selling the interests of the country and nation to his U.S. masters.

The Syngman Rhee clique, who came to South Korea aboard a U.S. military plane following (?independence), persistently took the lead in allowing U.S. troops to occupy South Korea forever and in forging plots to divide the nation through an exclusive election in the South, leading toward the ruin of the country [mangguk tanson]. As soon as he took over the post of puppet president, under orders of the U.S. imperialists, he carried out an all-out armed attack against the northern half of the Republic, thus provoking war.

After the war, the rascal carried out the colonial fascist rule more viciously. Indeed, Syngman Rhee's entire life was the life of a most vicious pro-U.S. flunkeyist and a dirty nation-selling traitor who executed the U.S. imperialists' secret order [chiryong], serving the U.S. imperialists as his master. Also, his entire life was the life of a bloody fascist dictator. At last, the Syngman Rhee clique, which committed great crimes that can never be forgiven before the country and nation, could not but face a miserable end at the hands of the 19 April popular uprising in 1960.

By the way, today the puppet Kim Yong-sam clique is viciously plotting, both publicly and privately, to awaken Syngman Rhee's departed spirit, which had been submerged in the garbage can of history [yoksaui ssuregitong] after receiving the people's judgment. This is a treacherous act to history as well as a betrayal of the nation. The act by the puppet Kim Yong-sam clique, which awakens Syngman Rhee's departed spirit, is nothing but a criminal plot based on their flunkeyist and nation-selling habits [chejil] and their commonness of character [kijil] as fascist dictators.

In fact, the puppet Kim Yong-sam clique, like the Syngman Rhee's dictatorial period in South Korea, has formed the civilian fascist ruling system, a colonial fascist dictatorial system, and is using every possible means to maintain and strengthen it. The Kim Yong-sam clique is committing a vicious fascist offensive against the patriotic and democratic reunification forces by wielding legal and systematic mechanisms such as the notorious National Security Law, the Agency for National Security Planing, and the Defense Security Command. While talking about globalization or something else, the clique sells all the interests of the country and nation to outside forces. The clique is also madly sticking to confrontation and war plots against us while talking about the theory of reunification through a system, which is a repetition [chaepan] of Syngman Rhee's slogan of "reunification by defeating communism."

Anyway, it is clear that the puppet Kim Yong-sam clique is following Syngman Rhee's example. However, this is a grave challenge to the times and history. Therefore, it can never be forgiven. The popular masses are the master of history.

How can the South Korean people, who ended the notorious Syngman Rhee's fascist rule with the heroic 19 April popular uprising, forgive the puppet Kim Yong-sam clique's cursed-civilian-fascist- dictatorial rule? As they removed Syngman Rhee's dictatorial rule with their heroic uprising, the South Korean people will liquidate [chongsan] the puppet Kim Yong-sam clique that wants to maintain the civilian fascist dictatorial rule by awakening Syngman Rhee's departed spirit. The puppet Kim Yong-sam clique will not avoid the shameful and destructive destiny [pamyolui unmyong] of Syngman Rhee's destiny.

ROK Said 'Begging' U.S. Aid in N-S Dialogue

SK2402134695 Pyongyang Korean Central Broadcasting Network in Korean 0651 GMT 23 Feb 95

[Unattributed talk: "The Flunky and Nation-Selling Spirit Has Taken Hold of the South Korean Puppets to the Marrow"]

[FBIS Translated Text] The South Korean authorities' traitorous, flunkeyist, and nation-selling acts are all the more unscrupulous lately. For instance, they are now practicing the so-called begging diplomacy, begging the United States to help facilitate the resumption of North-South dialogue.

From the beginning of the year, while linking the implementation of the DPRK-U.S. agreed framework with the resumption of South-North dialogue, the South Korean flunky nation sellers have tried to create a public opinion that the South-North dialogue is a prerequisite for the so-called support for building light-water reactors. In early February, they sent the puppet foreign minister to the United States to beg its help to resume South-North dialogue.

The South Korean puppets' attempt to resolve the issue of dialogue between fellow countrymen by begging someone else's help is an antinational act that can be done only by flunky nation sellers with a chronic aptitude to the marrow for depending upon outside forces, recklessly asking for others' help without having any idea about the direction to resolve the issue.

The play of Kim Yong-sam and other South Korean puppets begging help for South-North dialogue [nambuk taehwa chongtak norum] is literally not out of a desire to hold dialogue with us, but out of an insidious aim to put the brakes on the ongoing implementation of the DPRK-U.S. agreed framework by any means.

This shows there has been no change in the antinational and antireunification policy of the Kim Yong-sam ring, which only pursues confrontation, running counter to the national aspiration of the fellow countrymen for dialogue and unity.

The people of the world know how desperately the puppet Kim Yong- sam clique has tried to disturb the DPRK-U.S. talks, calling for practical sanctions, not symbolic ones, against us, and saying that only sanctions can solve the problems.

The traitorous Kim Yong-sam group, which originally failed to welcome the DPRK-U.S. talks, grumbled angrily and said that progress must not be made in the DPRK-U.S. talks without progress in South- North relations. From the beginning, it abused North-South dialogue as a means to break the DPRK-U.S. talks, and has finally broken North-South dialogue completely.

As was learned, while viciously disturbing the DPRK-U.S. talks, the puppet Kim Yong-sam clique said the United States must not assume a compromising attitude toward negotiations with North Korea and the like, and later complained about the United States, even denouncing it as a fool.

However, the Kim Yong-sam ring is now engaged in a play begging the United States for help in South-North dialogue. What a ridiculous act it is! In conclusion, the Kim Yong-sam ring's previous so-called foreign affairs and their security team's running about to break the DPRK-U.S. talks while adhering to an international cooperative system, and their current so-called foreign affairs and their security team's attempt to realize North-South dialogue by begging outside forces' help, are same flunkeyist and nation-selling acts.

These antinational flunkeyist nation-selling acts by the Kim Yong-sam ring prove that the puppets still have a foolish illusion about disturbing the implementation of the DPRK-U.S. agreed framework by creating a new ruse even today when the DPRK-U.S. agreed framework has entered a stage of implementation.

The puppet Kim Yong-sam clique should never forget its bitter experience of being frustrated in its desperate attempt to deter and break the DPRK-U.S. agreed framework, employing its anachronistic flunkeyist diplomacy.

The patriotic and conscientious people of the nation have already recognized the traitorous Kim Yong-sam clique as troublemakers who cannot be allowed to stay inside the nation, and should be removed.

North-South dialogue is a domestic issue of the nation, not a matter that needs others' help. Nor is it a problem that can be solved by begging someone else's help. Furthermore, currently it is not that North-South dialogue has not yet been realized because no one helps it along, or that it can be realized with someone's help. North-South dialogue can be resumed at any time if a good atmosphere for dialogue is prepared.

There has been no change in our position on North-South dialogue. It is our invariable position that North and South solve imminent problems between them through dialogue, and independently solve problems regarding the reunification of the fatherland. All that matters is an early fulfillment of the unavoidable responsibility to create an atmosphere for dialogue by the South Korean puppets headed by Kim Yong-sam.

If the South Korean puppets truly have the willingness to resume dialogue, they should not beg the help of someone who is quite a ways off, but should first apologize to their nearby fellow countrymen for their immoral acts. At the same time, they must show a sincere attitude toward dialogue in their manner by abolishing evil laws that run counter to dialogue and reunification, such as the reactionary and antireunification National Security Law that considers fellow countrymen as the enemy and all contacts and dialogue between fellow countrymen as criminal acts.

In addition, the South Korean rulers should not undertake any action that disturbs the holding of the grand national reunification festival of the North, South, and overseas compatriots to mark the 50th anniversary of the fatherland's liberation, which was proposed by us.

While avoiding taking practical measures [silchonjok chochi] for North-South dialogue, the puppet Kim Yong-sam clique is talking about the resumption of South-North dialogue, depending upon outside forces. This is no more than a criminal act of disdaining the nation and deceiving public opinion. By doing so, they have only revealed that they cannot be an independent dialogue partner.

The South Korean traitors not only reject their fellow countrymen, considering them enemies, but also beg outside forces, losing their senses, to help facilitate the holding of dialogue between fellow countrymen. Nothing but shame is in store for them.

Asia-Pacific Peace Committee Departs for U.S.

SK2502061095 Pyongyang KCNA in English 0523 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—A delegation of the Korean Asia-Pacific Peace Committee left here by air for a visit to the United States.

U.S. Pomminnyon Headquarters Adviser Departs

SK2402021295 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 21 Feb 95

[FBIS Translated Text] Sonu Hak-won, adviser of the U.S. headquarters of the National Alliance for the Country's Reunification [Pomminnyon], and his companion flew out of Pyongyang on 21 February. They were seen off at the airport by functionaries concerned.

Disarmament 'Must Be Realised Without Fail'

SK2602105095 Pyongyang KCNA in English 1044 GMT 26 Feb 95

["Disarmament Must Be Realised Early"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA)—The just demand of developing nations for disarmament, nuclear disarmament in particular, must be realised without fail, declares NODONG SINMUN in a by-lined article today.

Noting that the developing nations are lifting up their voices calling for disarmament, the article says:

The issue of disarmament has drawn worldwide concern and has been the topic of serious discussion at the United Nations and many international conferences.

The developing nations maintain that the discussion of disarmament should be made with the main stress on the reduction of nuclear weapons.

They demand that the nuclear powers set and implement a detailed action program and a correct timetable for nuclear disarmament and a total elimination of nuclear weapons, thus showing the honesty of their promise in practice.

Their demand for nuclear disarmament is very just one reflecting their desire to live, achieving coprosperity, in a peaceful world free from war.

Disarmament must be realised, above all, in the Northeast Asian region including the Korean peninsula with the greatest danger of a nuclear war and a strained situation.

Our Republic has consistently called for disarmament in this region. We will as ever actively strive for disarmament in this region and the rest of the world.

Government Seeks To Develop Free Trade Zone

OW2702045795 Tokyo ASAHI SHIMBUN in Japanese 24 Feb 95 Morning Edition p 4

[Article by Shigeru Matsui, foreign and military affairs commentator: "Japan Urged To Help North Korea Open Up Economy"]

[FBIS Translated Text] North Korea is launching a full-court press to open up its economy. I visited the DPRK last mid-November as a member of the Sea of Japan rim business survey team. During my stay in North Korea, I met with senior officials from the Committee for the Promotion of International Trade (equivalent to a ministry in Japan), which is in charge of opening up the DPRK's economy, and from the General Industrial Development Corporation, which is a body under the committee. I also toured an area which is to be open to foreign firms as a free economic and trade zone. At the meeting, Kim Un-nyol, vice chairman of the Committee for the Promotion of International Trade, and Kim Cho-nyu, chief of the Technical Department of the General Industrial Development Corporation, explicitly told me that "opening up the Najin-Sonbong area to foreign companies is a teaching of the late President Kim Il-song, and there will be no change in North Korea's policy of opening up the area to foreign companies." I obtained a "video containing the teachings of the late President Kim Il-song" during my stay in Pyongyang. I saw President Kim Il-song, while speaking to 20 senior officials in charge of economic affairs two days before his death in July of last year, in the video order them to "develop the Najin-Sonbong area to become a free economic and trade zone." His statement at the meeting has undoubtedly become one of his teachings.

DPRK officials, who have paid attention to the success of China's policy of opening up its economy, have toured special economic zones in China many times over the past 10 years. They have enacted laws, including the "Foreign Company Law," as part of efforts to open up North Korea's economy to foreign firms. In late 1991, the DPRK decided to open up the Najin-Sonbong area as a free economic and trade zone for foreign companies.

The zone is located in northeastern North Korea, on the borders with Russia and China. The ports of Najin, Sonbong, and Chongjin are located not far from the zone. None of the ports freeze in the winter, and they experience little change between low and high tide. They are all good ports, without rough waves, all year round.

According to the DPRK officials, North Korea intends to make the most of its advantages to turn these ports into international transit ports available to China, Russia, and Mongolia. While China has no port on the coast of the Sea of Japan, and Russia's port capacity in the Far East is still insufficient, Mongolia, which is a landlocked nation, has no ports at all. The three DPRK ports are expected to handle grain and vegetables from northeastern China, steel products from Russia, and coal and copper ore from Mongolia.

A plan is under study in North Korea to transport goods to Europe by linking the three ports with the Siberian railway. If the plan is put into effect, the number of days needed to transport goods will be less than one-third of the days needed to transport goods by sea.

The DPRK plans to turn the zone into a processing and export base by opening it up to foreign capital. Foreign firms operating in the zone are allowed to do business, and personnel working for the foreign firms can make visa-free visits to North Korea. The foreign companies are exempt from tariffs and can remit freely their earnings to their home nations. A 14-percent income tax is the only tax imposed on foreign businessmen and companies. The population of the free economic and trade zone, which is currently 13,000, is expected to grow to 1 million if the zone is fully opened to foreign firms.

For the plan to be successfully implemented, it is necessary to construct an infrastructure in the zone: The harbor must be expanded, an international airport must be built; the current railway, roads, and communications must be upgraded; and electrical and water resources must be secured. According to DPRK officials, North Korea hopes for foreign investment in building the infrastructure.

Now is the time for the Japanese Government to help North Korea promote the latter's policy of opening up its economy by providing full-fledged financial assistance to the DPRK's construction of the infrastructure and to initiate efforts to draw North Korea into the Northeast Asian market economy. Japanese-DPRK normalization talks currently remain stalled, but the stalled talks should be resumed without delay.

Japan committed itself to providing South Korea with $500 million ($300 million in grants) under the ROK's property claims against Japan when it concluded the Japan-South Korea basic treaty with the ROK in 1965. This financial aid from Japan has given rise to the ROK's present economic prosperity. Given this history of Japan's financial aid to South Korea, Japan will inevitably pay appropriate reparations to North Korea some time in the future. I propose using the reparations as investment in the development of the Najin-Sonbong free economic zone.

If a major international cargo transit area and a major processing and export base are created along the rim of the Sea of Japan, Japan, which is a trade-oriented nation, would benefit greatly from them. If a major economic tie-up were forged between Japan and the DPRK, this would defuse tensions in Northeast Asia and reduce Japan's defense spending.

Although this is not well known, North Korea has plenty of rare metals that Japanese industry needs badly. The exploitation of these metals would bring great benefits to both Japan and the DPRK.

The Murayama government now must make a bold decision on establishing real friendship and amity between Japan and North Korea from the standpoint of a long-term perspective.

Japanese 'Nongovernmental Fund' Plan Rejected

SK2502060895 Pyongyang KCNA in English 0533 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—The DPRK fact-finding committee on damages caused by Japanese imperialist occupation of Korea issued the following statement on February 25:

The crime of Japanese imperialism concerning "comfort women for the Army" is a heinous anti-ethical atrocity committed by Japan with the mobilization of state power which would make even beasts blush with shame and a grave crime of a state that startled the world.

The Japanese Government, far from bearing responsibility for this crime unprecedented in history, is trying to bury it in historical obscurity by setting up a "nongovernmental fund" and paying a few amount of money to the former "comfort women" who are still alive.

This undisguised move of the Japanese Government on the threshold of the 50th anniversary of Japan's defeat in the war is one more insult not only to the Korean nation and the victims but also to justice and conscience of the international community.

The DPRK fact-finding committee on the damages caused by Japanese imperialist occupation of Korea, upon authorization, resolutely rejects the "nongovernmental fund" proposed by the Japanese Government, strongly holding that Japan's unheard-of crime concerning "comfort women" must be settled in accordance with international law and international morality as a grave violation of human rights.

No one can deny that it is a great crime the prescription of which has not expired in view of international law. And the shameless attempt to gloss over this serious problem with a "nongovernmental fund" can never be tolerated.

If this problem is to be settled fairly, the Japanese Government must make a wholesale probe into this criminal case, open the result to the public, make an official apology, punish those responsible and adequately compensate all the victims.

At the same time, it must assure the international community that it will never commit such an anti-ethical crime.

The Japanese Government is under legal and moral obligation to atone for the crimes committed by Japanese imperialism against the Korean people in the past, and the DPRK Government has a legitimate right to settle accounts with the Japanese Government over them.

The Japanese Government can never evade the responsibility of the state for the heinous crime in human rights violation committed against the Korean nation and humankind as a whole by reducing more than 200,000 women to sex slaves.

It must immediately give up the scheme to establish a "nongovernmental fund" which cannot work with anyone either from the legal or from the moral point of view.

If the Japanese authorities continuously try to evade the responsibility of the state, ignoring the just demand of the Korean nation and the people of the world, they will invite stronger criticism and curses from the international community.

The DPRK fact-finding committee on the damages caused by Japanese imperialist occupation of Korea solemnly states that it will fight it out till the Japanese Government has made a sincere apology and an adequate compensation for the thrice-cursed crime committed against the Korean people and human conscience.

Koreans in Japan Group Anniversary Commemorated

SK2702110195 Pyongyang KCNA in English 1023 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—A meeting marking the fifth anniversary of the founding of the Association of Koreans in Japan for Peaceful Reunification was held in Tokyo on February 24, according to a report of the Korean news service from Tokyo.

The participants in the meeting observed a moment's silence in memory of the great leader Generalissimo Kim Il-song.

Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), made a speech at the meeting.

Saying that the officials of Chongnyon and Koreans in Japan are now faced with the heavy yet honorable tasks to achieve national reunification in the 90s, he noted that the great leader Generalissimo Kim Il-song had already indicated the principles, programme and way of national reunification.

He stressed that this year greeting the 50th anniversary of the liberation of the country and the 40th anniversary of the formation of Chongnyon should be made a historical year for opening a phase of a turn for national reunification.

Yi Chong-hwal, vice-chairman of the Association of Koreans in Japan for Peaceful Reunification, noted in his report that the association could contribute to the grand march of the whole nation for the reunification of the country thanks to the wise leadership and utmost care of the great leader Generalissimo Kim Il-song and respected Marshal Kim Chong-il.

A letter to the great leader Marshal Kim Chong-il was adopted at the meeting.

Meeting Marks Anniversary of 1 Mar 'Uprising'

SK2802153095 Pyongyang KCNA in English 1521 GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—A Pyongyang meeting marking the 76th anniversary of the March 1 popular uprising was held today.

On March 1, 1919, the Korean people waged a nationwide struggle against the brigandish Japanese imperialists, shouting the slogans "Japanese and their Army, get away!" And "Long live Korean independence!"

Yu Ho-chun, director of the Secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland, delivered a report at the meeting.

The reporter said the uprising clearly showed that if the popular masses were to win in the struggle for independence and sovereignty, they must be guided by an outstanding [word indistinct] and struggle on the basis of his idea and strategy and tactics. It left a serious lesson that the independence of the country and the freedom and liberation of the popular masses must be achieved only by the nation's strength, he said, and continued:

This ardent desire of the time and the nation was successfully realised as the respected leader Comrade Kim Il-song, a peerless patriot and a hero of the nation, led the van of our revolution.

Though many years have passed since the uprising, the desire of our nation for the country's independence and the nation's sovereignty has not yet been realised in the southern half of the country and the South Korean people are still suffering under the colonial domination of outside forces.

It is attributable to the present South Korean rulers' flunkeyist and treacherous policy of dependence on outside forces that South Korea remains under a colonial yoke, contrary to the trend of the time toward independence.

The traitor Kim Yong-sam, who went through the motion of making a "policy switchover" for the nation in the first days of his office, loudly talking that "the nation must be put above anything else" and "the nation must be given the greatest importance", is engaging himself in flunkeyist and treacherous acts, still regarding dependence on outside forces as his mode of existence.

To establish the sovereignty of the nation throughout the country and found a reunified independent and sovereign state is a patriotic struggle for realising the desire of those who participated in the March 1 popular uprising and an urgent task facing the whole nation.

In order to establish sovereignty, the life and soul of the nation, all the South Korean people must invigorate the struggle for getting rid of the Kim Yong-sam traitorous clique bent on dependence on outside forces and flunkeyist and treacherous acts and rise up staunchly in the struggle for the abolition of "the National Security Law" and the dissolution of "the Agency for National Security Planning."

The Japanese authorities must give up their anachronistic militarization and design of reinvasion and honestly apologize for the shocking crimes Japan committed against the Korean people in the past and make adequate compensations.

The reporter called on all the Koreans in the North, the South and overseas to closely unite under the banner of the 10-point programme of the great unity of the whole nation, decisively smash the challenge and obstructive moves of the separatist forces and successfully hold the August 15 grand reunification festival without fail, thus making this year a historical year bringing about a new turn in the history of the movement for national reunification.

The meeting was attended by Yang Hyong-sop, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chairman of the Supreme People's Assembly, and others.

Pyongyang, Moscow Sign Agreement on Forestry

SK2402153795 Pyongyang KCNA in English 1530 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—An agreement on cooperation in timber production, wood allround processing and reforestation in the Russian territory between the governments of the Democratic People's Republic of Korea and the Russian Federation was signed here today.

Present at the signing ceremony on the Korean side were Vice- Minister of Forestry Yi Un-sok and other officials concerned and on the opposite side were the members of the Russian Government forestry delegation headed by Vice-Chairman of the State Committee for Industrial Policy A.A. Kalin and Russian Embassy officials.

Russian Envoy Hosts 'Day of Defenders' Reception

SK2402052495 Pyongyang KCNA in English 0503 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—Ambassador of Russian Federation Yuriy Fadeyev gave a reception in his embassy in Pyongyang Thursday evening on the "day of defenders of the fatherland."

Invited to the reception were Lieut. Gen. Pak Song-won and other generals and officers of the Korean People's Army, and military attaches of foreign embassies in Pyongyang.

Speeches were made there.

PRC Embassy Officials Visit Revolutionary Site

SK2502101695 Pyongyang KCNA in English 1007 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—Commercial and economic councillors of the Chinese Embassy in Pyongyang on Friday [24 February] visited the Changsan Revolutionary Site on the occasion of the birthday of the great leader Comrade Kim Chong-il.

The Changsan Revolutionary Site is a historic place associated with the revolutionary activities energetically conducted by Comrade Kim Chong-il in the 1957-1962 period to carry out the far-reaching plans of the great leader President Kim Il-song for the construction of the capital and building of Armed Forces.

While being briefed on the revolutionary history and exploits of Comrade Kim Chong-il, the visitors made the rounds of the museum, a billet of soldiers and out-of-door relics.

After the visit to the site, Councillor Chen Yufa wrote in a visitor's book: "I came to know well that the great leader of the Korean people Comrade Kim Chong-il has wisely led the revolution and construction, always finding himself among the people."

Lao Prime Minister on Relations With Pyongyang

SK2402010595 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 21 Feb 95

[FBIS Translated Text] DPRK Ambassador (Kim Hung-cho) paid a courtesy call on Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee and prime minister, on 15 February.

On this occasion, the ambassador extended the great leader [yongdoja] Comrade Kim Chong-il's greetings to Chairman Khamtai Siphandon. The chairman deeply appreciated this and asked the ambassador to convey his warm and friendly greetings to the great leader [yongdoja] Comrade Kim Chong-il.

The chairman said that the relations between the parties, government, and people of Laos and the DPRK have constantly strengthened and developed.

He went on to say: The parties, governments, and people of our two countries have a sufficient basis for strengthening and developing the friendly and cooperative relations. Strengthening the friendly and cooperative relations is of great significance in the current situation. This is because the two countries have common goals and ideals. We will make every effort to ensure that our friendly and cooperative projects will bear substantial fruits. Our party, government, and people will unchangingly and firmly support the lines and policies of the DPRK Government and party.

Bulgarian Embassy Holds News Conference 23 Feb

SK2402053795 Pyongyang KCNA in English 0505 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—A press conference was held in the Bulgarian Embassy in Pyongyang on Feb. 23 on the national day of Bulgaria.

News media reporters here were present there.

Bulgarian Ambassador Yordan Mutafchiev spoke at the press conference.

Then, answers were given to the questions put by reporters.

Yi In-mo Made Honorary Member of Libyan Union

SK2502103995 Pyongyang KCNA in English 1027 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—The Libyan Arab Union of Journalists adopted a decision to register Yi In-mo, a former war correspondent of the Korean People's Army known as the incarnation of faith and will, as an honorary member of the union and award him the certificate of honorary membership.

Yi In-mo, 78, is an indomitable man, who did not abandon his principle, though he was put to brutal tortures in South Korean prison for 34 years after being arrested by the enemy while active as a war correspondent of the Korean People's Army during the fatherland liberation war.

He returned to the socialist motherland in March 1993.

WPK Delegation Departs for Nepal, Pakistan

SK2502213195 Pyongyang KCNA in English 1604 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—A delegation of the Workers' Party of Korea [WPK] led by Hwang Chang-yop, secretary of the Central Committee of the party, left Pyongyang on Feb. 25 for a visit to Nepal and Pakistan.

It was seen off at the airport by Hyon Chun-guk, director of a department of the WPK Central Committee, Pakistani ambassador to Korea Rehmdil Bhatti [spelling of name as received] and Chinese ambassador to Korea Qiao Zonghuai.

Scientific, Technological Accord Signed With Cuba

SK2402154095 Pyongyang KCNA in English 1532 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—A protocol on the 17th meeting of the Inter-Governmental Economic, Scientific and Technological Consultative Committee of the Democratic People's Republic of Korea and the Republic of Cuba was signed here today.

The protocol was inked by Yi Song-tae, chairman of the State External Economic Affairs Commission, and Ricardo Cabrisas Ruiz, Cuban Minister of Foreign Trade.

Signed on the same day were a 1995-year intergovernmental protocol on the exchange of goods and a protocol on the 17th meeting of the Subcommittee for Cooperation in Science and Technology under the Consultative Committee.

Cuban Trade, Economic Delegation Departs 25 Feb

SK2602083095 Pyongyang KCNA in English 0815 GMT 26 Feb 95

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA)—The Cuban Government trade and economic delegation led by Ricardo Cabrisas Ruiz, minister of foreign trade, left for home on February 25.

It was seen off at the airport by Yi Song-tae, chairman of the State External Economic Affairs Commission, and Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

While staying in Korea, the delegation visited Mangyongdae and went round various places of Pyongyang.

Brazilian Delegates Visit Hanminjon Mission

SK2402054095 Pyongyang KCNA in English 0506 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—The delegation of the October 8 Revolutionary Movement of Brazil led by secretary general of its Central Committee Claudio Campos visited the Pyongyang mission of the South Korean National Democratic Front (Hanminjon) on Feb. 23.

Chief Yi Chong-sang and members of the mission welcomed the guests and had a friendly conversation with them.

They exchanged views on the development of the friendly relations between "Hanminjon" and the movement.

Meet With Vice President Yi

SK2802001495 Pyongyang KCNA in English 2222 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, met and had a friendly conversation with the visiting delegation of the October 8 Revolutionary Movement of Brazil led by secretary general of its Central Committee Claudio Campos at the Mansudae Assembly Hall today.

The secretary general said that though the great leader President Kim Il-song passed away, the Korean people are dynamically advancing along the road of socialism with might and main.

He further said:

"The great leader Comrade Kim Chong-il has wisely guided the revolution and construction, fully personifying the ideology, leadership and popular traits of the respected leader President Kim Il-song.

"He has made tireless efforts to further consolidate and develop Korean socialism with outstanding ideological and theoretical activities.

"Under his leadership, Korea has registered marvelous miracles and innovations in the ideological, political, economic and cultural and art fields.

"We have come to know well that Korean-style socialism is the best in the world.

"Korea is a school where we learn from the rich experience of the revolution."

Kim Yong-nam Greets Sudanese Foreign Minister

SK2602082795 Pyongyang KCNA in English 0807 GMT 26 Feb 95

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greetings to 'Ali Osman Muhammad upon his appointment as Sudanese foreign minister.

The message wished his success at his new post.

More on Mourning Over Death of Defense Minister

SK2702113095 Pyongyang KCNA in English 1032 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—Officials of the Central Committee [C.C.] of the Workers' Party of Korea [WPK], the Central People's Committee of the Democratic People's Republic of Korea, the DPRK Administration Council, commissions and ministries of the Administration Council, central organs and social organizations and anti-Japanese revolutionary fighters visited the February 8 House of Culture where the bier of Marshal of the Korean People's Army O Chin-u, member of the Presidium of the Political Bureau of the C.C., the WPK, first vice- chairman of the DPRK National Defence Commission, member of the Central Military Commission of the WPK and minister of the People's Armed Forces, is lying in state and deeply mourned his death.

Among the mourners were also officials of the C.C., the Korean Social Democratic Party and the C.C., the Chondoist Chongu Party.

The mourners paid a silent tribute to the late O Chin-u, who devoted himself to the struggle for the freedom of the country, the happiness of the people and the victory of the cause of socialism and communism, faithful to the guidance of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il.

Diplomatic, Military Attaches Mourn

SK2702111395 Pyongyang KCNA in English 1029 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—The diplomatic corps and the military attaches' corps in Korea on Sunday visited the February 8 House of Culture where the bier of marshal of the Korean People's Army O Chin-u, member of the presidium of the Political Bureau of the C.C. [Central Committee], the Workers' Party of Korea, first vice-chairman of the National Defence Commission of the DPRK, member of the party Central Military Commission and minister of the People's Armed Forces, is lying in state, and expressed condolences.

Lying by the bier was a wreath sent by the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army.

The visitors laid wreaths and paid a silent tribute to the memory of the late.

Members of the Chinese, Cambodian and Vietnamese Embassies in Pyongyang, too, laid wreaths and observed a moment's silence to the memory of the deceased on the same day.

Chongnyon Officials Mourn Death

SK2702110395 Pyongyang KCNA in English 1026 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and officials of Chongnyon staying in the socialist homeland, on February 26, called at the February 8 House of Culture where the bier of Marshal of the Korean People's Army O Chin-u, member of the Presidium of the Political Bureau of the C.C. [Central Committee], the Workers' Party of Korea, first vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea, member of the party Central Military Commission and minister of the People's Armed Forces, is lying in state, and mourned his death.

A wreath sent by the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, was lying by the bier.

The mourners laid a wreath and paid a silent tribute to his memory.

Officials of NDFSK Visit Bier

SK2802044295 Pyongyang KCNA in English 0427 GMT 28 Feb 95

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA)—Chief Yi Chong-sang and officials of the

Pyongyang mission of the National Democratic Front of South Korea (NDFSK) on February 27 visited the February 8 House of Culture where the bier of O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea, first vice-chairman of the National Defence Commission of the Democratic Peple's Republic of Korea, member of the Central Military Commission of the Workers' Party of Korea and minister of the People's Armed Forces, is lying in state and paid a moment's silent tribute to the memory of the deceased.

Various Works by Kim Chong-il Published Overseas

SK2502100995 Pyongyang KCNA in English 1002 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—"Socialism Is a Science," a famous work of the great leader Comrade Kim Chong-il, was published in booklet by the Rivizi Publishing House of the Ukrainian University on the occasion of his birthday.

The Dar Damascus Publishing House in Syria also published the same work in booklet in Arabic.

Meanwhile, "Our Socialism Centred on the Masses Shall Not Perish," a famous work of Comrade Kim Chong-il, was published in booklet in Finland.

Bulletins on Kim Chong-il Published Overseas

SK2602083895 Pyongyang KCNA in English 0826 GMT 26 Feb 95

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA)—Special issues of bulletins were published in different countries on the birthday of the great leader Comrade Kim Chong-il.

The special issue of the bulletin published by the All-India Indo-Korean Friendship Association carries a portrait of Comrade Kim Chong-il with the title "Warm Congratulations to Dear Comrade Kim Chong-il."

It prints "Answers to Questions Raised by the General Director of the Latin American News Agency 'Prensa Latina'," a famous work of the great leader President Kim Il-song, a brief biography of Comrade Kim Chong-il's revolutionary activities, an editorial and articles.

In an article headlined "People Blessed With Sagacious Leaders," it says:

Politics of President Kim Il-song is being fully carried forward by Comrade Kim Chong-il.

Comrade Kim Chong-il, just as the president did, pursues an ideology centred on the popular masses, a system centred on the popular masses and benevolent politics centred on the popular masses, regarding love for the people as a matter of greatest importance and service for the people as his political creed.

Loyalty and devotion to the country and the people is his distinguished quality.

The Korean people highly respect Comrade Kim Chong-il as the supreme leader and has the philosophy of life that the country and themselves cannot exist without him and they will win under his guidance.

Bulletins were published under the titles "Korea-Kim Chong-il," "Independence", and so forth by the Zimbabwe-Korea Solidarity and Friendship Association, the Group for the Study of the Chuche Idea of Latin Americans in Switzerland, the Cultural Information Centre on the Democratic People's Republic of Korea in Lausanne, Switzerland, the French Institute for National Independence and Non- Alignment and the French Committee for Support to the Foundation of the Democratic Confederal Republic of Koryo.

Kim Chong-il Receives Congratulations From Abroad

SK2602081595 Pyongyang KCNA in English 0806 GMT 26 Feb 95

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA)—The great leader Comrade Kim Chong-il received congratulatory telegrams from Tunisian President Zine El Abidine Ben Ali, Zambian President Frederick J.T. Chiluba, Grenadian Prime Minister George Brizan and Sudanese President 'Umar Hasan Ahmand al-Bashir on his birthday.

He also received congratulatory telegrams from president of the Socialist Progressive Party of Lebanon Walid Jumblatt and General Secretary of the Central Committee of the Jordanian Communist Party Jacob Zayadine [spelling of name as received] on the same occasion.

They extend warmest congratulations to him and wish him a long life in good health.

Foreign Seminars on Kim Chong-il's Work Held

SK2402050595 Pyongyang KCNA in English 0427 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—National seminars on the great leader Comrade Kim Chong-il's famous work "Socialism Is a Science" were held in Lisbon and Katmandu.

In his opening address at the seminar in Katmandu, Manik Lal Shrestha, director of the Nepal Institute for Chuche Studies, said:

"In his work, the great leader Comrade Kim Chong-il proved that socialism is the ideal of the popular masses fighting for their independence and an inevitable stage of historical development.

"The work has called forth a lively international response for its profound idea and theory." [quotation marks as received]

C.P. Mainali, minister of local development and supply and Politburo member of the Central Committee of the Nepal Communist Party (UML), said in his speech:

"What draws my special interest in the work of Comrade Kim Chong- il is that socialism is a stage of socio-historical development for realising the independence of the popular masses and that this cause must be accomplished by the masses themselves.

"The work gives a scientific exposition of socialism with philosophical logic, thus giving great strength and confidence to the people of the world who aspire after socialism and dealing a heavy blow at the imperialists and reactionaries who sling mud at socialism."

In his report at the seminar in Lisbon, Luis Manuel De Araujo, chairman of the Portuguese Central Committee for the study of Kimilsongism, said:

"Comrade Kim Chong-il, the supreme leader of the Korean people, threw light on the essence of the chuche theory of socialism and its scientific accuracy and truth and scientifically explained the invincible vitality of man- centred socialism, thus enriching and developing in depth President Kim Il-song's chuche theory of socialism.

"His work is a weapon of the revolutionary people of the world in their struggle for socialism and an immortal inspiring banner for the cause of human emancipation and independence."

Congratulatory messages to Comrade Kim Chong-il were adopted at the seminars.

Cuban Front Praises 'Greatness' of Kim Chong-il

SK2502103195 Pyongyang KCNA in English 1024 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—The South Korean people are charmed with the greatness of Comrade Kim Chong-il, the leader of the nation, while studying it, and have the unshakable belief that true man-centred politics and national reunification are possible only when they are guided by his great idea.

Pak Kwang-ki, chief of the mission of the South Korean National Democratic Front in Cuba, said this at a round-table talk held at the mission on the birthday of the great leader Comrade Kim Chong- il.

Pak Kwang-ki said many young people of South Korea express their resolve to always follow and uphold the dear leader Comrade Kim Chong-il by writing in blood "devotion and loyalty" and "long live the Kim Chong-il era."

"We will bring about a phase of radical turn for national reunification this year by fulfilling the behests of respected Comrade Kim Il-song on reunification under the leadership of dear Comrade Kim Chong-il," he said.

The secretary general of the Tri-Continental People's Solidarity Organisation, said at the talk that though the great leader Comrade Kim Il-song passed away, his revolutionary cause is being carried forward in Korea without the slightest turns or twists. This is because Korea has the great Comrade Kim Chong-il as the leader of the nation, he added.

More on Kim Chong-il Birthday Celebrations Abroad

SK2702105495 Pyongyang KCNA in English 1009 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—Functions were held abroad to celebrate the birthday of the great leader Comrade Kim Chong-il.

Celebration meetings took place in Dar Es Salaam, Copenhagen, Paris, Budapest, Bucharest, the Inca Garcilaso de la Vega University of Peru, Conakry, Georgetown, Chambogo of Uganda, Dhaka and the Cultural Information Centre on the DPRK, Lausanne, Switzerland.

The speakers at the meetings warmly congratulated Comrade Kim Chong-il on his birthday, saying that his birthday is a common auspicious event not only to the Korean people but to the progressive political parties and people who aspire after socialism.

They said that Comrade Kim Chong-il is an outstanding leader of the world revolution and the greatest statesman leading socialism to victory on a worldwide scale.

They sincerely wished Comrade Kim Chong-il good health and a long life, saying that to uphold his idea and leadership well is a matter related to the cause of independence and peace and the destiny of socialism in the world.

Congratulatory messages and letters to Comrade Kim Chong-il were adopted at the meetings.

A Korean book, photo exhibition, a film show and a lecture and other functions were held at the national leadership of the Federation of the University Students of Cuba, Ostrava of the Czech Republic, the Fateh University of Libya, the State Academy of the Light Industry of Ukraine, the Italian Committee for Reunification and Peace of Korea, the college named after Nizami of Uzbekistan and Soldaski of Tashkent, San Jose of Costa Rica, the African Party for the Solidarity and Justice of Mali, the Self-reliance Society of the University of Delhi, India, the group for the study of Kimchongilism of Nicaragua, and the Romania-Korea Friendship Association.

Evenings of culture celebrating February 16 were held in India, Nicaragua and Nepal and a function of "day of Korea" and an evening celebrating February 16 in Mongolia and Zimbabwe.

Paper Urges Unity Around Kim Chong-il

SK2702105995 Pyongyang KCNA in English 1019 GMT 27 Feb 95

["Unbreakable Unity of Party, Army and Youth, Sure Guarantee for Victorious Advance of Chuche Cause"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—It is a noble deed for firmly ensuring the triumphant advance of the revolutionary cause of chuche for the whole party, the whole Army and the entire youth to unite closely around the great leader Comrade Kim Chong-il, says NODONG SINMUN on February 26.

The paper quotes the great leader Comrade Kim Il-song as saying:

"If anthropocentric socialism of our country is to be defended and the revolutionary cause of chuche is to be accomplished with success, the whole party and all the people should firmly unite around Comrade Kim Chong-il and remain loyal to his guidance."

The author of the article says:

The revolutionary cause of chuche is the noblest cause which was started by the great leader Comrade Kim Il-song and led by him for a long period.

All the ideological and theoretical activities of the great leader Comrade Kim Chong-il and his practical struggle are entirely intended to defend the cause of chuche and carry it forward to accomplishment.

Whenever heavy tasks were raised and difficult conditions were created before the Korean revolution, respected Comrade Kim Chong-il strengthened the party and firmly rallied the Army and youth behind it and, with the might of this unity, he surmounted the difficulties and led the revolution and construction to victory.

It is a sure guarantee for strengthening the driving force of the Korean revolution in every way to consolidate the close unity of the party, the Army and the youth around the great leader Comrade Kim Chong-il.

The party, the Army and the youth are the indispensable components of the driving force of the revolution and are the most powerful revolutionary force. When the whole party, Army and youth are united around Comrade Kim Chong-il, the driving force of the Korean revolution will have an invincible might and the Korean revolution and construction will make a triumphant advance.

To cement the close unity of the party, the Army and the youth around Comrade Kim Chong-il is a powerful motive force for the development of our country, our motherland.

The efforts for the prosperity and development of our country, our motherland, are a noble work to put Comrade Kim Chong-il's far-reaching plan for the building of the country into practice. When the party, the Army and the youth realize this great plan in unity, the future of our motherland will shine as an era called forever together with the august name of the great Comrade Kim Chong-il.

In our country today, the party, the Army and the youth are closely united around Comrade Kim Chong-il and the unity is developing to a new, higher stage with the advance of the revolution. This firmly guarantees the vast future of the Korean revolution.

The unity of the party, the Army and the youth is unity based on one ideology, unity of them sharing the same idea with the great leader Comrade Kim Chong-il. The unity of the party, the Army and the youth is the purest and most solid one because they have accepted the idea and intention of Comrade Kim Chong-il as their unshakable outlook on the world.

This unity is based on the revolutionary sense of obligation and comradeship. Our revolutionary obligation and comradeship are sense of obligation between precious comrades-in-arms who share sweets and bitters with one common socio-political integrity in holding Comrade Kim Chong-il in high esteem and a kindred love between close brothers. As there is such love, the whole party, Army and youth are united by one blood tie.

Kim Chong-il Extends Thanks to Units, Students

SK2702050995 Pyongyang KCNA in English 0448 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to the Kaesong Aeguk garment factory, the Ponghwa direct sales shop, Pyongyang University of medicine, Om Ok-kyong, a student of the Kumsong senior middle school No. 1, and traffic controllers in Nampo Municipality who have done good things for the society and the collective.

At the meetings for conveying the thanks, the speakers vowed to do more good things for the society and the collective, deeply cherishing the political trust and solicitude shown by Comrade Kim Chong-il, who highly estimates even small deeds of people and makes them known to the public and shows deep trust in them.

Meanwhile, Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to units, people and three- revolution team members including the Pyongsan County, North Hwanghae Province, Committee of the Workers' Party of Korea and the people of Songchongang District, Hamhung, South Hamgyong Province, and Kosong County, Kangwon Province, that had set examples in assisting the People's Army.

Kim Chong-il Sends Birthday Table to Officer

SK2702051195 Pyongyang KCNA in English 0451 GMT 27 Feb 95

[FBIS Transcribed Text] Pyongyang, February 27 (KCNA)—The great leader of our party and our people Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], sent a 60th birthday table to Kwon Yong-kyo, a woman political officer of the KPA who had honestly performed her military duty for more than 30 years.

After the country was liberated, the great leader President Kim Il-song saw to it that the Kwon Yong-kyo's family, the bereaved family of a fallen anti-Japanese revolutionary fighter, which was living in northeast China, was brought to the homeland and sent her to a university. After her graduation, he made her a surgeon and a political officer of the Korean People's Army.

Comrade Kim Chong-il guided her to creditably discharge her duty at her revolutionary post and took care that she had the honor of attending conferences and celebration functions and having souvenir pictures taken with the fatherly leader President Kim Il-song.

Need for Electricity Conservation Stressed

SK2802070895 Pyongyang NODONG SINMUN in Korean 21 Jan 95 p 3

[Unattributed article: "Let Us Further Strengthen The Struggle To Conserve Power"]

[FBIS Translated Text] With the struggle to thoroughly implement the great leader's [suryong] lifetime teachings and the tasks presented in the joint editorial carried in the NODONG SINMUN that are being carried out vigorously, the need for electrical power has exceeded that of anything else in all sectors of the national economy.

Increasing electrical power production and, at the same time, more reasonably utilizing and actively conserving electrical power once it is produced are important demands arising in thoroughly implementing the party's revolutionary economic strategy. All sectors and units of the national economy should thoroughly implement the party's consistent demand regarding the effective use and thorough conservation of electrical power.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: "We should actively wage the struggle to conserve electrical power."

To conserve as much electrical power as possible, it is important to properly organize an alternate power production system. Relevant sectors, regions, and all plants and enterprises should consistently push ahead with the organization of an alternate source of power production, keeping in mind that this work is a struggle to conserve electrical power.

In particular, plants and enterprises should establish strict discipline in carrying out shift organization reasonably, in accordance with the supply and availability status of raw materials and materials, and of only using electrical power. Also, plants and enterprises should again check the state of alternative power production facilities and thorougly establish measures for reasonably and effectively utilizing these facilities.

The electrical power industry sector should establish a thorough management system on power production facilities and properly maintain and readjust electrical power facilities so as to minimize the possible loss of electrical power.

Plants and enterprises in the metal and chemical industry sectors which use a great deal of electrical power should vigorously wage a technological innovation movement and, thus, should turn their production process into a production process which uses less electrical power or does not use electrical power at all.

Plants and enterprises should wage a technological innovation movement, strictly observe technical specifications and standard manufactoring procedure in production, and readjust and maintain production machinery. Thus, they should keep the norm of power consumption per unit of products to a minimum.

All plants, enterprises, organs, and houses should only use as much electric light as necessary, should not use electrical heating appliances and facilities at random, and should thoroughly observe established regulations and order in using electric utensils. They should also attach an on and off switch at each electric light and thoroughly conserve even the water produced in using electrical power.

Vigorously waging the struggle to conserve electrical power as a movement of the entire masses is precisely the party's demand. Party members and the working people in all sectors of the national economy should keep in mind that since the struggle to conserve electrical power cannot be successfully carried out on just the strength of specific sectors or a few people, they should rise up to this work ideologically. Thus, they should conserve to the utmost each watt of electricity and effectively utilize it.

Sectors concerned should more properly establish the means of supervisory control, should actively struggle against the phenomenon of going against established regulations and order, and should establish thorough measures in advancing the prevention of waste in electrical power.

Status of Chongryu Bridge, Kumnung Tunnel Noted

SK2402153595 Pyongyang KCNA in English 1528 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—The construction of the Chongnyu Bridge (second stage) and Kumnung Tunnel No. 2 is progressing apace in Pyongyang, drawing the keen attention of the entire people.

The soldiers in charge of the projects have excavated 56,000 cubic metres of rock and earth, removed 130,000 cubic metres of scraped earth and tamped 14,000 cubic metres of concrete in the last one hundred days after ground-breaking.

This has made it possible to complete the projects more than two months ahead of the set time, October 10, the 50th anniversary of the foundation of the Workers' Party of Korea.

The soldiers in charge of the construction of Chongnyu Bridge (second stage) built piers and abutments of the whole section and carried out thousands of cubic metres of concrete tamping on the deck of the bridge in a matter of 90 days.

The soldiers in charge of the building of Kumnung Tunnel No. 2 carried out a blast of 200,000 cubic metres and drove the tunnel through for the main road in a short period. And they are now pressing ahead with its expansion.

More than 2,200 units and over 200,000 people nationwide have sincerely assisted the soldier-builders.

Pakistani Embassy Officials Help Build Tunnel

SK2502101195 Pyongyang KCNA in English 1004 GMT 25 Feb 95

[FBIS Transcribed Text] Pyongyang, February 25 (KCNA)—Rehmdil Bahatti [spelling of name as received], Pakistani ambassador to Korea, and officials of the embassy helped soldiers in the construction of Kumnung Tunnel No. 2 on Friday [24 February].

Saying that he was deeply impressed by soldiers who were participating in the construction, the ambassador expressed the conviction that the Korean people and soldiers under the wise leadership of his excellency the great leader Kim Chong-il would, without fail, finish the large-scale construction by the appointed time with their own strength, technology and materials.

The ambassador noted that so long as the Korean people were guided by him, nobody could break their firm faith and will and hoped that the friendly relations between the two countries would continue to develop in the future.

South Korea

Ministry Issues Statement on North Peace Proposal

SK2802050995 Seoul KBS-1 Radio Network in Korean 0435 GMT 28 Feb 95

[FBIS Translated Text] On 28 February, the Ministry of Foreign Affairs issued a statement saying it is a major miscalculation if North Korea believes it can paralyze the Military Armistice Committee and can sign a peace agreement with the United States, stressing: It is the firm position of our two countries, the ROK and the United States, that establishing a peace system on the Korean peninsula is a matter that should be settled between North and South Korea.

In particular, the Ministry of Foreign Affairs denounced the North Korean Foreign Ministry's 24 February press statement [tamhwa] calling for the conclusion of a peace agreement between the United States and North Korea, saying: This is intended to intentionally distort the position of the ROK, a solemn party [omyonhan tangsaja] to the Armistice Agreement. Therefore, it is inappropriate.

Ministry: Seoul To Observe Armistice Agreement

SK2802050295 Seoul YONHAP in English 0454 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—South Korea will continue to observe the Korean Armistice Agreement, reached at the end of the three-year Korean war in 1953, until South and North Korea produce a peace system through direct talks, Foreign Ministry Spokesman Yu Kwang-sok said Tuesday [28 February].

Dismissing a recent statement by North Korea's Foreign Ministry's insisting that South Korea should not be a direct party to the armistice agreement, the spokesman said, "It is absurd for the North to insist that it should have bilateral talks with the United States to establish a peace accord to replace the Armistice Agreement excluding South Korea from the talks."

Yu said that South Korea should be a principal party to the Armistice Agreement because South Korea was the main party in the Korean War and suffered the most casualties, adding that Gen. Mark Clark, commander-in-chief of the United Nations Command (UNC), signed the Armistice Agreement with Kim Il-song and a Chinese general, as a representative of Korea and other participants in the war.

Yu was responding to a statement issued last Saturday by North Korea's Foreign Ministry that urged the United States to engage in direct talks with the North to come up with a peace pact to replace the Armistice Agreement.

The North's statement also said South Korea has nothing to do with the Armistice Agreement, and insisted that South Korea should not be a principle party to the agreement reached between North Korea and the United States.

Polish NNSC Delegates Depart From Panmunjom

SK2802074595 Seoul CHUNGANG ILBO in Korean 28 Feb 95 p 2

[FBIS Translated Text] A Foreign Ministry official stated today that six Polish delegates to the Neutral Nations Supervisory Committee [NNSC], who were pressured by North Korea because it wants to paralyze the Military

Armistice Committee system, left Pyongyang for Beijing aboard a Koryo airliner on 28 February. It has been confirmed that North Korea called upon Poland to withdraw its delegation on the North Korean side of the NNSC from Panmunjom before 28 February, and that it even cut the telephone lines between the NNSC office on the North Korean side and the NNSC office on the South Korean side on 18 February.

Pyongyang 'Pressure' Responsible

SK2802063195 Seoul YONHAP in English 0625 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—The Polish military delegation in Panmunjom supervising the Korean Armistice Agreement left the truce village Tuesday [28 February] morning under Pyongyang's pressure to expel them, according to an official at the Ministry of Foreign Affairs.

"The Swedish and Swiss delegations on the South Korean side of Panmunjom tried to contact the Poles, through wireless phones this morning to conduct a routine weekly meeting, to no avail," said the official. "The Neutral Nations Supervisory Commission (NNSC) delegations on the southern side had contacted the Polish delegation Monday evening."

The southern delegation had to contact the Polish through wireless phones since Feb. 14 when the North cut off telephone lines linking the two sides, he said.

The withdrawal of the Polish delegation is a result of the North's violation of the Armistice Agreement by cutting off supplies of food, water, electricity, telecommunications and all other supplies to the Polish delegation from Tuesday as threatened, said the official.

He, however, said that the Polish delegation expressed its willingness to continue to do its job as a member of the NNSC in a third country.

The Polish delegation might seek to settle in China to continue their job, although "it's not clear at the moment whether it is heading for Pyongyang where there is a Polish Embassy or leaving North Korea," according to ministry officials who did not want to be named.

A Foreign Ministry spokesman warned that the North will have to assume all responsibilities stemming from the forced withdrawal of the Polish delegation to Panmunjom.

The Polish Government will soon announce its official position on the forced withdrawal of its military delegation to Panmunjom under the Korean Armistice Agreement, said the spokesman.

North Korea demanded early this month that the Polish NNSC delegation quit its job and leave Panmunjom by Feb. 28, threatening to cut off all supplies to the Polish commission including water, electricity, food and telecommunications.

Premier, Deputy Premier Comment on DPRK Issue

SK2802122895 Seoul YONHAP in English 1211 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Prime Minister Yi Hong-ku said on Tuesday that if North Korea implements part of the U.S.-North Korea agreement and refuses to carry out other part of it, the Geneva agreement would be scrapped altogether.

Testifying at the National Assembly plenary session, Yi said North Korea cannot reject inter-Korean dialogue nor is there any choice for them other than to accept the South Korean model of light-water reactors.

The premier said the idea of making an American industry a main contractor with South Korea supplying reactors to North Korea under a subcontract has never been discussed.

Also at the session, Deputy Prime Minister Na Ung-pae said there needs an inter-Korean agreement on bilateral cooperation in atomic energy in order to effectively promote the light-water reactor project.

"Through such an agreement, the two Koreas would be able to promote the peaceful use of atomic energy and the exchange of atomic energy experts," Na said.

Defense Minister Yi Yang-ho told the session that Patriot missiles would contribute to building up the anti-air ability of the Armed Forces.

"We are carefully studying the issue of whether to obtain the missiles," he said.

In his testimony, Vice Foreign Minister Yi See-young said the light-water reactor project will be promoted not in the form of furnishing a loan to the North but under the method of a supplier's credit under the responsibility of the Korea Energy Development Organization (KEDO).

To make clear the obligation of its repayment, the government will see to it that detailed procedures and time of repayment will be contained in a reactor agreement, Yi said.

Premier: 'No Alternative' to ROK-Model Reactor

SK2802072595 Seoul YONHAP in English 0714 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Prime Minister Yi Hong-ku said Tuesday there will be no alternative to the South Korean standard model light-water reactors to be provided to North Korea and the government's participation in the project is closely linked to a financial burden.

Yi made the remarks at the National Assembly during an interpellation of the government's foreign, national unification and security policies.

As for the nuclear reactor supply, he denied recent press reports that a U.S. company would be a main contractor supplying nuclear reactors manufactured by South Korean businesses. "Never was it discussed," he told the parliamentary plenary session.

Referring to North Korea's attempt for direct contact with the United States while boycotting inter-Korean dialogue, Yi admitted the government is pushing for a way to resume the South-North Korean dialogue in case of the U.S.-North Korean dialogue.

In connection with the establishment of the Korean peninsula Energy Development Organization (KEDO), he stated that the international consortium will be inaugurated in early March after consultations with the United States and Japan.

He said, however, that there is no need for South Korea to hasten its inauguration.

The prime minister said that there is no further development of North Korea's nuclear activities other than those announced by the U.S. and South Korean Governments.

Turning to North Korean affairs, Yi remarked North Korea's new power hierarchy is succeeding the policy of late President Kim Il-song, but there is a possibility that it may attempt a partial policy adjustment to find a solution for difficult situations.

Meanwhile, Deputy Prime Minister and National Unification Minister Na Ung-pae disclosed that a South and North Korean agreement on atomic energy cooperation is necessary to offer technology and major parts for the light-water nuclear reactors.

Through the agreement, he continued, South and North Korea will also be able to exchange nuclear experts and realize the peaceful use of atomic power in accordance to the denuclearization of the Korean peninsula.

Meanwhile, Defense Minister Yi Yang-ho observed that the reduction of armaments can hardly be realized until mutual trust between South and North Korea is fostered.

"It is desirable to gradually reduce armaments after both sides ease tensions on the Korean peninsula through mutual trust," Yi said.

North Army's 'Desperation,' 'Low Morale' Alleged

SK2702142795 Seoul KBS-1 Television Network in Korean 1223 GMT 27 Feb 95

[FBIS Translated Text] It has been learned that the North Korean Army's morale has fallen seriously and its discipline has deteriorated [mullan] considerably lately. In the border area, the incidence of weapons smuggling is increasing. The incidence of desertions is also increasing. Reporter Yi Chae-ho reports.

[Begin Yi recording] A local Chinese television station carried on screen a subtitle saying that those who are carrying guns and using the Korean language should be arrested, astonishing the Korean Chinese there.

When two border guards of the North Hamgyong Province escaped from North Korea with arms, the North Korean authorities issued an urgent arrest order. The television subtitle carried this order. This reveals the North Korean Army's difficult situation, although it appears to have a high morale and fighting spirit on the surface.

It has been learned that over 10 cases of desertion with arms occurred in North Korea last year alone, and they were mostly soldiers belonging to the security forces who are supposed to keep an eye on deserters.

An institute for the study of North Korean affairs disclosed that the incidence of the deterioration of discipline of the North Korean Army increased over 10 times in the nineties based on the testimonies of the defectors and Korean Chinese. There are various types of incidents. The most frequent cases are stealing food from the Army units and civilian homes, and beatings and group fights between superiors and subordinates.

The incidents resulting from the deterioration of discipline in the North Korean Army are rapidly increasing because the service conditions have declined with the serious shortage of military supplies and because of hunger as a result of the continuous economic difficulty in North Korea. Coupled with the frustration resulting from the fall of their master state the Soviet Union and the feeling of relative poverty compared to the Western world, the young men in the Army are suffering from confusion of consciousness, according to analysts.

With the prevailing crime and deterioration of discipline in the Army, North Korea is trying to restore discipline, saying that military discipline is the life of the Army, however, the desperation and low morale of the North Korean soldiers are believed to be uncontrollable now. [end recording]

Further on DPRK, Russian Forestry Agreement

SK2502061495 Seoul YONHAP in English 0117 GMT 25 Feb 95

[FBIS Transcribed Text] Moscow, Feb. 24 (YONHAP)—North Korea and Russia signed a new forestry agreement in Pyongyang Friday, stipulating a human rights guarantee for North Korean loggers working in Siberia, among other things, ITAR-TASS News Agency reported.

Signing the accord, effective until 1998, were Vice Forestry Minister Yi Un-sok for North Korea and Vice Chairman Aleksandr Kalin of the Industrial Policy Commission for Russia.

As for the controversial human rights issue of North Korean loggers working in Siberia, ITAR-TASS quoted a Russian Foreign Ministry official in charge of Korean affairs as saying the accord includes human rights protection for some 7,000 North Korean woodcutters working in Far East Siberia.

Under the agreement, North Korean loggers will be accorded the same treatment as Russian workers, such as eight-hour workdays and the freedom to leave Russian on a trip to a foreign country.

Russian law enforcement officials will be able to look into North Korean logging camps, while North Korea must set work rules and wage scales for its workers according to the Russian law.

The new agreement, the seventh of its kind between the two countries, will provide Russia with an annual income of about 57 million U.S. dollars from North Korea.

The deadlock over log transportation costs was broken as North Korea agreed to bear the costs of carrying logs to its border in exchange for Russia's offer not to impose export duties on the logs shipped to North Korea.

Seoul Decides To Increase Power Supply for North

SK2402064595 Seoul SEOUL SINMUN in Korean 24 Feb 95 p 17

[Report by Kwon Hyok-chan]

[FBIS Translated Text] The government has decided to secure enough power capacity to supply electric power to North Korea. To this end, the government plans to increase the facility reserve rate up to 20 percent by 2000.

In addition, in a bid to secure power plant sites, the government will seek methods to apply differential power rates to areas that have power plants and to create a large-scale power complex. The government will also extend the designed life span of the Kori No. 1 Atomic Power Plant and suspend the closure of this plant until after 2007.

According to materials submitted by the Ministry of Trade and Industry to the National Assembly on 23 February, in light of the current power demand and supply, if exchange of electricity is realized between South and North Korea, we could supply North Korea with only from 200,000 to 300,000 kw electricity during the nighttime in summer and daytime in winter unless our power capacity is increased. The government, therefore, has decided to increase power facilities as part of the long-term plan for electric power demand and supply for this year so we can supply electric power to North Korea.

The government will apply a lower power rate to those areas where nuclear power plants exist in a bid to secure sites of nuclear power plants and promote building power plants in remote areas, islands, and inland areas. The government also plans to generally increase the power rate, as well as gradually increase the basic rate out of the total power rate from the current 19.5 percent up to 37 percent.

U.S. Agency Makes Contract With Air Koryo

SK2802021895 Seoul YONHAP in English 0150 GMT 28 Feb 95

[FBIS Transcribed Text] Los Angeles, Feb. 27 (YONHAP)—A pro-Pyongyang travel agency here made a contract with Air Koryo recently to be the North American headquarters for the North Korean Airline company.

Kim Chong-cha, president of All Gold Travel and Tours, said on Monday that under the contract, her travel agency plans to receive applications from across the United States for the establishment of Air Koryo agencies in major cities like San Francisco, New York, Chicago, Washington, Atlanta and Miami.

The agencies will deal with airline tickets between U.S. cities and Pyongyang at first, and then sell tickets for the routes between Pyongyang and the cities like Moscow, Berlin, Sofia, and Bangkok later, Kim said.

She added that Pyongyang will fully push ahead with general tourism inside the communist country from May, after the Pyongyang Sports and Culture Festival is held from April 28 through April 30 this year.

Her travel agency also plans to jointly develop North Korean travel products and sell them in the United States, following North Korea's policy to step up its tourism business in America, she said.

The travel agency has worked as an agent here for North Korea's state general tourist bureau since 1988, when it pushed for North Korea tourism for the first time.

Now it is studying ways to set up a tentatively-named "Asia- Pacific Airline Company," which will fly between Pyongyang and Los Angeles, sources here said.

Police Ban Disclosure of USFK Soldiers Crimes

SK2802023395 Seoul KBS-1 Television Network in Korean 1230 GMT 27 Feb 95

[FBIS Translated Text] It has been learned the police sent instructions asking police stations not to make public any crimes involving U.S. soldiers. We wonder why the police have done this at a time when the number of crimes committed by U.S. soldiers is radically increasing every year. Reporter Pak Yong-hwan reports.

[Begin telephone recording of an American male in English] I have your pictures. You don't even wanna call me up. You wanna fuck with me? I'm gonna fuck with you. And I'm gonna fuck with your family, too. [end recording]

[Pak Yong-hwan] A young woman, whose family name is Kim, was kidnapped and sexually assaulted by a U.S.

soldier then harassed with threats. When she went to the police, her testimony was refuted to her face.

[Begin telephone recording of a young woman in Korean] I went to the police with my suit and bag torn apart. However, on the grounds that I met with an American, they said they would send me to a women's welfare office [an office for detaining and rehabilitating prostitutes] and my letter of complaint.... [incomplete sentence as heard]. [end recording]

[Pak] A taxi driver whose family name is Yi was robbed and knifed by two robbers who were U.S. soldiers. However, our police sided with the U.S. soldiers.

[Begin telephone recording of a man in Korean] We went to investigate the scene with the U.S. soldiers. The policeman who questioned me insisted that the blood stain in the car was paint. [end recording]

[Pak] Under these circumstances, the National Police Agency recently sent out instructions asking police stations not to make public any crimes involving U.S. soldiers. This has caused a stir.

This is the official letter. [video shows a copy of part of the letter of instruction] The instruction calls for providing the media with information only after consulting with the information office of the U.S. Forces in the ROK [USFK], and not elaborating on the cause of any incident or accident. As shown, the instruction specifies details. The problem is this instruction may aggravate the current police practice of siding with U.S. soldiers and make it difficult to reveal the truth of any accident.

[Lawyer To Tu-hyong] The instructions may likely daunt policemen in investigating accidents involving U.S. soldiers, and may hamper a fair and legal investigation.

[Pak] Today the USFK denied it had asked the ROK police not to disclose information on U.S. criminals. However, people question for whom our police work since the police fully accepted the USFK's request.

Daily Criticizes Police Directive

SK2702115995 Seoul CHUNGANG ILBO in Korean 27 Feb 95 p 3

[Editorial: "Is Crime a Confidential Matter for U.S. Forces?"]

[FBIS Translated Text] While the rate of crimes committed by U.S. Forces, Korea [USFK] soldiers and their civilian components is increasing, the attitude of the investigating authorities is still negative and subservient. A typical example of this is that the National Police Agency [NPA] instructed the police stations and police boxes to do what the NPA was requested to do by the ROK- U.S. Combined Forces Command [CFC] Information Office.

When the NPA received an official letter from the CFC requesting cooperation, the NPA should have reviewed the letter to see whether the request was feasible and should have referred it to the prosecutors' office for the latter's opinion before acceding to the CFC request. However, the NPA directive gave the impression that the NPA conveyed the CFC request to the police stations and police boxes nearly as it was, without reviewing it sufficiently.

We understand that the CFC requested in the letter sent by its Information Office that, when the police provide the mass media with personal data and name of the unit of U.S. soldiers and civilian components involved in some incident or accident, they notify the CFC in advance. However, the fact that our police agency gave this instruction to police stations and police boxes reveals that the police have no consciousness or will to maintain the basic right to investigate. Whether some personal information may or may not be made public is to be determined by our police and prosecutor's office, not by the CFC Information Office. Is it all right if this results in the CFC Information Office directing the investigation?

The fundamental cause of the issuance of this thoughtless directive lies in the fact that our investigating authorities have been taking an excessively subservient attitude in investigating the crimes committed by U.S. soldiers. Even since 1991, when the ROK- U.S. Status of Forces Agreement [SOFA] was revised, our side has exercised the right to prosecute through a court trial in only 2 to 3 percent of the cases. The current SOFA itself is considered to be excessively unequal to the ROK side compared with the status of forces agreement in other countries where the U.S. troops are stationed, and our investigating authorities are not properly exercising even their right provided for in the agreement.

Excessively generous and negative attitude toward the crimes committed and accidents involving U.S. soldiers, which is tantamount to giving up the sovereignty, will not contribute to promoting ROK- U.S. friendship but will bring about the opposite effect because of the people's complaints. Therefore, we welcome the recent decision of the Seoul District Prosecutor's Office to intensify the exercise of the right of conducting a court trial for the crimes committed by U.S. soldiers. It is necessary to revise the unequal SOFA soon, but before doing that, the investigating authorities should properly utilize the current law.

Reaction to British Barings Collapse Continues

Steps Planned Against Speculation

SK2802070995 Seoul YONHAP in English 0704 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—The South Korean Government will intensify control over financial institutions' investment in derivatives, while taking measures to prevent speculative investment in the stock-index futures market scheduled to open next year, in a bid to cope with the worldwide effects of a major British investment firm's collapse under the pressure of its heavy losses in the Asian derivatives markets.

Derivatives get their name from deriving value from an underlying investment in a stock or bond, such as stock-index futures and options. They are used to hedge against investment risks or to make big speculative gains.

The Finance and Economy Ministry said speculative investment in the projected stock-index futures market would be prevented by strictly enforcing rules concerning daily price fluctuations and the mandatory deposit of guarantee money for investment.

The ministry already suspended business activities of Barings Securities Co.'s Seoul branch and froze its assets in the country, while shelving the plan to allow the British investment firm to become a special member of the Korea stock exchange.

It is also closely watching the movements of Barings' investment funds involving the Seoul branch to prepare for their possible effects on the local bourse, ministry officials said.

Barings is said to have invested 193.6 billion won (about 242 million U.S. dollars) in the local bourse from its 17 offshore investment funds. It also is presumed to have invested 13 million dollars in the stock investment funds totaling 2.1 billion dollars launched by local investment trust companies for foreign investors, accounting for only 0.6 percent of these funds.

Barings' Seoul operations are considered good and its insolvency is not expected to have any significant bearing on the Seoul market, but in case it sells off its shareholdings in local investment trust firms' investment funds for foreigners and in bonds of Korean firms floated overseas, the prices of these Korean instruments will fall sharply, analysts said.

Ministry officials remarked, however, that Barings' collapse would not directly impact the local bourse because it has stemmed from speculative investment in the derivatives market and because Korea has not yet opened such a market.

Stock Prices Crash After Reports

SK2802085895 Seoul YONHAP in English 0843 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Share prices plunged at the Korean Stock Exchange Tuesday, depressed by reports of financial crises facing Baring Brothers and Co. and some local listed companies.

The receivership application by Samdo Mulsan and the bankruptcy of some affiliates of the Doksan Group put a damper on the market which had already been battered by reports of Barings facing a virtual bankruptcy.

In a heavy wave of selling by players fearful of the danger of Doksan firms' bankruptcy setting off chain bankruptcies, the leading composite stock price index crashed 8.91 points from Monday to finish at 885.69.

Volume was recorded at 20.9 million shares and turnover 344.9 billion won (348.8 million U.S. dollars). Decliners overwhelmed advancers 704 to 90 with 54 others remaining unchanged.

Group Renounces Support of Japan's UN Seat Bid

SK2702035595 Seoul YONHAP in English 0222 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—A group of religious and social leaders and freedom fighters during the Japanese colonial rule of the country called on the government Monday to withdraw its support for Japan's bid to join the United Nations Security Council (UNSC) as a permanent member.

Representatives from "the National Council for Correct History" called on Foreign Minister Kong No-myong at the Ministry of Foreign Affairs to deliver a letter asking for the government to withdraw its support for Japan's entry as a UNSC permanent member, unless the Japanese Government recognizes its responsibilities for World War II and compensates war victims for their sufferings during the war.

In the letter, they claimed that Japan is not qualified to become a UNSC permanent member, which plays a greater role in promoting international peace and the dignity of human beings, because it failed to show any effort to make up for the sufferings of victims of the war which it triggered.

The letter referred to the cases concerning compensation for the so-called "comfort women" and those forced to work as Japanese soldiers and laborers during the war, affecting people throughout Asia.

The letter also denounced the Japanese Government for avoiding responsibility for the war which cost millions of Asian lives and failing to write accurate history books on their past wrongdoings.

The letter also noted that the Japanese are trying to revise their peace Constitution which calls for the renunciation of war and armament.

The recent attempt to issue a parliamentary resolution calling for the Japanese Parliament to apologize for its aggression during the war and not to engage in war has also been thwarted, said the letter.

Officials' Links to 'Imperialist Japan' Reviewed

SK2402101095 Seoul YONHAP in English 0911 GMT 24 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—More than four out of every 10 people who served as cabinet members between 1949 and 1980 turned out to have worked under Japanese colonial rule as public officials, a private research organization said Friday [24 February].

The Institute for Research in Collaborationist Activities, an organization specializing in "anti-national" crimes, claimed that 135 or 42 percent of the total 321 cabinet members since the inauguration of the government in 1948 until 1980 when former President Choe Kyu-ha resigned proved to have worked for Japanese colonial rule.

This was revealed in an analytic review of past careers of the country's such celebrities as cabinet members, chiefs of staff of the armed services, special city mayors and provincial governors, the institute said.

Cabinet members having ties with imperialist Japan by career were two out of four vice presidents, nine out of 19 prime ministers, 24 out of 37 home ministers, 16 out of 27 justice ministers and 13 out of 24 defense ministers. This indicates that police and national security-related portfolios were held by those who collaborated with the Japanese colonial rule more than in the case of other portfolios.

Those who served in the cabinet twice have been calculated twice in the statistics.

All the 14 Army chiefs of staff and the 14 chairmen of Joint Chiefs of Staff graduated from the Japanese Military Academy or the Manchurian Military Academy.

When special city mayors, provincial governors, chiefs of staff of the services and Supreme Court justices were included, 248 or 46.3 percent of the total of 535 served as senior officials under the Japanese occupation. Ninety former Japanese military officers constituted the largest group of them, followed by 69 judicial officials, 47 civil servants, 15 police officers and 7 bankers.

Decreasing Import Curbs on Japanese Goods Viewed

OW2702060995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Feb 95 Morning Edition p 5

[Report by Makoto Kajiwara on interview with Pak Chae-yun, ROK trade and industry minister, by unidentified NIHON KEIZAI SHIMBUN correspondent; place and date not given]

[FBIS Translated Text] Seoul, 25 Feb—Pak Chae-yun, ROK minister of trade and industry, granted an interview to NIHON KEIZAI SHIMBUN and disclosed that the ROK Government plans to move ahead of the initial schedule in its planned relaxation of restrictions on imports from Japan. The ROK has placed such restrictions in order to cut its trade deficit with Japan. The government's new move is being taken to put itself in line with the trend toward trade liberalization. The government is now studying the possibility of moving ahead of schedule the original plan of reducing by 10 percent the list of items placed under its "multiple import source system" which, in effect, has placed a ban on imports from Japan. As to specifically how the ROK plans to shorten the list, Pak said, "We hope to firm up a plan during the first half of the year."

Regarding the ROK's trade deficit with Japan, which reached approximately $11.9 billion last year, Pak indicated his view, saying, "It is expected to further increase this year." He added, however, "Regarding measures aimed at resolving the trade deficit with Japan, we have changed our previous policy of restricting imports from Japan to that of allowing more imports but increasing our exports to Japan." In this way, the trade minister indicated that the ROK plans to allow its trade deficit with Japan to increase for the time being until its export-expansion measures, including aid to companies which export goods to Japan, begin to take effect.

In 1993, there were 258 items placed under the multiple import source system, but currently the list has been reduced to 204 items. Pak said that the government "is studying the possibility of speeding up (the process of removing) the remaining items" in line with its policy change. Regarding items to be approved for importation into the country, Pak said, "It is desirable to begin by approving items in areas where the ROK is sufficiently competitive." He thus hinted that the import ban on household electrical appliances and automobiles will not be lifted soon because Japanese products are highly competitive in these sectors.

Regarding the ROK's bid for membership in the OECD, which the country hopes to realize in 1996, Pak indicated that the government is likely to submit its application as early as March.

PRC 'Excellent Market' for Hydraulic Technology

SK2302121295 Seoul THE KOREA HERALD in English 23 Feb 95 pp 8, 10

[By staff reporter Kang Sok-chae]

[FBIS Transcribed Text] China is an excellent market for Korean producers of hydraulic, pneumatic, drive technology and bearings products, a Chinese official said.

"China has put special emphasis on the development of fluid power and drive technology as priority areas, but a lack of the expertise to produce high-quality products requires the promotion of imports and joint technology ventures with advanced manufacturing nations, including Korea," said Chen Le Yan [name as received], vice secretary of the Machinery Sub-Council (MSC) of the China Council for the Promotion of International Trade (CCPIT).

Chen said that about 1,000 Chinese companies are now directly engaged in the hydraulic, pneumatic, bearings and gears industries as well as in the production of internal combustion engines and gas turbines with a combined output totaling $2.2 billion in 1993.

"However, supply still lags far behind domestic demand in all areas. The production of hydraulic products meets about 80 percent of the domestic demand; pneumatic goods, about 50 percent and bearings goods, around 70 percent," said Chen in an interview Tuesday [21 February].

In recent years, China's imports of hydraulic and pneumatic products was worth $60 million a year, Chen said.

According to statistics of developed countries, output value of hydraulic and pneumatic goods usually makes up 3 to 4 percent of the total output value of the machinery industry, he said. "But in China, the figure is only 1 percent. So there is a tremendous market potential in the Chinese hydraulic and pneumatic industries."

"Imports, technology transfers and joint ventures in the fluid power and drive technology fields are, therefore, urgently needed," said Chen, adding that the Chinese Government is putting top priority on the development of the fluid power and drive technology and this will create the right business condition for exhibitors of PTC [expansion not given] China '95.

Chen arrived here along with Yang Er Zhuang [name as received], vice chairman and general secretary of the China Hydraulics, Pneumatics and Seals Association, to promote the PTC China.

The association and the CCPIT MSC are under the control of the Chinese Ministry of Machinery Industry (MMI), which is organizing the PTC China jointly with Hannover-Messe International GmbH, a subsidiary of Deutsche Messe AG.

PTC China, a biennial event which started in 1991, is the leading exhibition for power transmission and control, fluid power (hydraulics and pneumatics), internal combustion engines and gas turbines.

"Over 10 Korean companies, including Daewoo Heavy Industries, are expected to participate for the first time in the upcoming PTC China '95, slated for Sept. 4-8 in Beijing where they will look for new clients for their products," said Chen.

Inchon Industrial Complex for Foreigners Planned

SK2402052095 Seoul CHOSON ILBO in Korean 24 Feb 95 p 2

[Report by Yi Kon-u from Inchon]

[FBIS Translated Text] Inchon will establish an industrial complex for foreign businesses. This is the first such industrial complex to be established by a regional administrative office. The industrial complex will have a floor space of 500,000 pyong [one pyong equals 3.3 sq meters]. Masan Export Free Trade Zone, which was installed in the late 1960's by the government, was the first industrial complex that was set up in the ROK for exclusive use of foreign businesses.

On 23 February, Inchon unveiled its plan to set up the industrial complex, which will accommodate foreign businesses in the ultramodern, low pollution, and high valued-added industries, at new Songdo city for which the construction of land reclamation is now under way. The most likely site for the industrial complex is reportedly the southern coastline of Songdo.

The city plans to go ahead with full-dress business talks with foreign firms beginning in 2000, the year when the land reclamation construction will partially end and the new Yongjong International Airport will also partially open.

According to the plan on establishing the industrial complex, the city will attract foreign businesses in the fields of precision machinery engineering, environmental engineering, and the computer and ultramodern industries, thus promoting this area as "The Silicon Valley of the ROK." In addition, as a link to the new airport, the area will accept foreign firms in service fields, such as trade, hotel, finance, and telecommunications, and will also be equipped with facilities in which conferences and exhibitions could be held.

Ministry Revises Securities Transaction Act

SK2402020595 Seoul THE KOREA HERALD in English 24 Feb 95 p 8

[FBIS Transcribed Text] Foreign securities companies operating in Korea will be able to act as brokers for Korean investors in overseas securities, the Ministry of Finance and Economy said yesterday.

The ministry will make major policies related with Korean businesses' issuance of overseas securities, but relegate actual administration, including permission of specific issuance, to the proposed financial supervisory board.

These and other points are part of the revised Securities Transaction Act announced by the ministry, as the follow-up of the central bank system overhaul. The proposed plan calls for abolishing the existing Securities Supervisory Board (SSB) and Securities and Exchange Commission (SEC) and merging them into the financial supervisory body.

As a result, the businesses currently handled by SSB will be transferred to the integrate overseeing organ, while those of SEC will be divided between the ministry and the new supervising body, the ministry said.

The businesses related with key systems and investor protection will be tackled by the ministry, while the simple administrations will be relegated to the comprehensive watchdog body.

For example, such matters as the issuance of securities, control of issuing volumes and initial share offerings will belong to the jurisdiction of the minister of finance and economy. The supervision of listed companies and determination of public subscription prices will be subject for the tentatively-named financial supervisory board.

In a related development, the ministry will directly handle banking licenses and readjustment of business domains among financial institutions, while deregulating the rights issues by banks and securities companies.

According to the revised Banking Act, matters so far administered by the Monetary Board will be transferred to the new integrated watchdog. Among such transferred administrations are the credit control on large conglomerates and the approval for banks to do other financial businesses.

Change in Foreign Exchange Business Rules Noted

SK2402011295 Seoul THE KOREA HERALD in English 24 Feb 95 p 8

[FBIS Transcribed Text] Beginning March 20, 27 domestic securities companies will be allowed to handle foreign exchange business related with overseas stock investments, the Ministry of Finance and Economy said.

The move is in line with the government's new five-year economic plan and foreign exchange reform program that will gradually permit nonbanking financial institutions to do foreign exchange business, it said.

Only those brokerage houses with a net worth of more than 100 billion won ($125 million) and a performance grade of B or higher will benefit from the expanded access, it said. Out of the 32 domestic brokerage houses, five companies, including the joint-venture Dongbang-Peregrine Securities Co., will be excluded as failing to meet the requirement.

The ministry will revise the related laws in such ways as to permit in principle all foreign securities companies that meet the cited criteria to engage in foreign exchange business, ministry officials said.

The revised rule will enable both domestic and foreign stock investors to directly remit investment money through accounts exclusively for stock investments opened at foreign exchange banks with the names of securities companies. The securities companies for their part will collect exchange commissions, set at 0.4 percent of exchanged amounts.

Currently, foreigners wanting to buy Korean shares have to undergo the cumbersome procedures of depositing foreign currency at foreign exchange accounts of Korean banks and transfer the exchanged Korean won to brokerage houses.

Foreigners invested $8.61 billion in the Korean stock market and withdrew $6.69 billion last year, marking a net investment fund inflow of $1.91 billion and producing foreign exchange commissions of 49 billion won, the ministry said.

Samsung Group Unveils 'Globalization Strategy'

SK2402020795 Seoul THE KOREA HERALD in English 24 Feb 95 p 8

[FBIS Transcribed Text] The Samsung Business Group yesterday unveiled an ambitious long-term globalization strategy, calling for the upgrading of the global standing of the group to be in the top ten corporations of the world with the target of raking in $200 billion in sales, including $60 billion from foreign operations by the year 2001.

To this end, Samsung said it will strive to obtain a world-class competitive edge in terms of products, technology and brands, while pursuing its manpower and management policies attaching priority on fostering regional professionals and promoting localization.

The leading Korean conglomerate also decided to make concerted efforts among its subsidiaries to normalize its passenger car manufacturing, into which the group has recently muscled, at the possible earliest date saying that the group claims that electronics and passenger car manufacturing are the two pillars which will lead the Korean economy in the 21st century.

The plan was disclosed at the close of a meeting of the group's top executives, presided over by Samsung Chairman Yi Kon-hui in Los Angeles Wednesday and yesterday.

In a bid to achieve the group's goal of becoming one of the top ten global players, Samsung will shift from policies based on each subsidiary, nation and item to those based on subgroups, regions and businesses, according to the plan.

The group will make efforts to enhance the competitiveness of the group by maximizing the economy of scale, steering away from the previous investment direction of focusing on cost reductions and roundabout exports.

BOK Reports 'Record-High' Account Deficit

SK2502061795 Seoul YONHAP in English 0306 GMT 25 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 25 (YONHAP)—South Korea suffered a record-high current account deficit of 4.78 billion U.S. dollars in one year, from a surplus of 380 million dollars in 1993.

The 1994 shortfall came from results that trade balance and invisible trade registered deficits of 3.08 billion dollars and 2.3 billion dollars, respectively, while unrequited transfers showed a surplus of 600 million dollars, according to preliminary figures from the "Trend of South Korea's balance of international payments in 1994" released by the Bank of Korea (BOK) Saturday.

Growth rate of imports far outstripped that of exports, though the latter posted the highest since 1988. And an increase in overseas travels made invisible trade generate an all-time high deficit. As a result, the country's current account worsened, the BOK data said.

The country's shipments swelled 16.8 percent to 96.01 billion dollars from the year before on a customs clearance basis, but its importation surged 22.11 percent to 102.35 billion dollars, according to the BOK figures.

In exports, electronic goods topped the list with 18.17 billion dollars over the previous year, followed by machinery with 10.33 billion dollars, steel with 7.78 billion dollars, automobiles with 5.76 billion dollars, shipping with 4.94 billion dollars and petrochemicals with 4.9 billion dollars, the BOK said.

Light-industry exports, including textiles, tires and footwear, grew 6.9 percent to 25.74 billion dollars from a year ago.

For imports on a custom-cleared basis, capital goods rose 32.1 percent to 40.43 billion dollars, raw materials 14.8 percent to 50. 98 billion dollars, and food and consumer goods 24.6 percent to 10. 94 billion dollars, the BOK data showed.

By item, machinery stood at 16.99 billion dollars, up 33 percent over 1993, electric and electronic products at 14.39 billion dollars, crude oil at 8.88 billion dollars, petrochemicals at 6.48 billion dollars, cigarettes at 190 million dollars and cars at 110 million dollars.

Noteworthy was that an increase rate of cigarettes in imports was a whopping 158.2 percent, for clothing 93.2 percent and for furniture 63.9 percent, according to the BOK data.

Meanwhile, the invisible trade shortfall was expanded mainly by large increases in expenses for overseas travel, transportation and overseas interest payments. In particular, South Korea saw a deficit of 1.17 billion dollars in travel expenses last year from that of 523 million dollars in 1992 and 569 million dollars in 1993.

DLP Lawmaker No Chae-pong Resigns

SK2702072195 Seoul YONHAP in English 0700 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Rep. No Chae-pong of the Democratic Liberal Party (DLP) declared Monday his resignation as a member of the ruling party.

The former prime minister under the No Tae-u government was elected to the National Assembly on the national representation system.

Sources said, however, that he will not join the United Liberal Democrats, the new political party now promoted by former DLP Chairman Kim Chong-pil, and instead will commit himself to a writing career after his withdrawal.

Kim's departure from the party will automatically strip him of his National Assembly seat, and then the vacant seat will be filled by Yi Yon-sok, the education evaluator of the DLP.

DP Formally Declares Merger With Minor Groups

SK2502061995 Seoul THE KOREA HERALD in English 25 Feb 95 pp 1, 10

[FBIS Transcribed Text] The main opposition Democratic Party (DP) formally declared a merger with two opposition groups and inaugurated a new leadership led by Yi Ki-taek at its national convention yesterday.

Convention deputies approved the merger with the tiny New Korea Party and the People's Congress for Unification, a civic group, and elected Chairman Yi as president of the merged party.

They also selected eight members of the DP's top decision-making body, the Supreme Council, as vice presidents.

Before forming a new leadership, the deputies approved revisions to the party charter and platforms aimed at changing the present collective leadership format into virtual one-man rule.

Rep. Yi Chong-chan, leader of the New Korea Party, was picked as party adviser and Kim Kun-tae, an activist heading the powerful civic group, as one of the vice party presidents.

In his acceptance speech, party president Yi Ki-taek vowed that the Democratic Party will win the local elections scheduled for June this year.

"I will exercise powerful leadership to make the Democratic Party take power," he told the cheering deputies in the convention held at a gym in central Seoul.

Yi said his party will counter any move by the ruling camp to revise laws governing local autonomy to its advantage before the local elections.

"I, as president of a legitimate opposition party, will wage a joint struggle with party members and the people to thwart any attempt to reverse history," Yi said.

New party adviser Yi Chong-chan said he will help the opposition party take power.

Yi created the New Korea Party after he tried in vain to challenge President Kim Yong-sam in the ruling party's presidential nomination race in May 1992.

New party vice president Kim Kun-tae pledged to throw his support behind the merged party's efforts to win the local elections.

Kim, who led struggles against the authoritarian governments in the past, was tortured and imprisoned several times on charges of illegal antigovernment activities.

Party president Yi and vice presidents will hold their posts until August this year when the party is scheduled to hold another national convention for a leadership change.

Two national conventions for this year are the product of a compromise between Yi Ki-taek and his rivals, most of whom are loyal to former opposition leader Kim Tae-chung.

Yi and his minority group called for a convention before the polls in January this year, while the largest faction demanded it take place after them.

Yi, who won the chairmanship by a narrow margin in the 1993 national convention, sought to put the opposition party under his control through an early national convention and to become the party's standard-bearer for the presidential election in 1997 through a change in the party's leadership format.

Kim Tae-chung's followers, who wanted him to remain in the party as a figurehead, relented and compromised with him on two national conventions for this year when he threatened to leave the party if his demand for an early convention was not met.

In a bid to strengthen his shaky status, Yi invited two opposition parties—the New People's Party and the New Korea Party—and Kim Kun-tae's civic group to merge with his party. But the New People's Party refused to join.

Opposition Welcomes Kim's Vow To Hold Elections

SK2602021395 Seoul THE KOREA TIMES in English 26 Feb 95 p 2

[FBIS Transcribed Text] The opposition Democratic Party [DP] yesterday welcomed President Kim Yong-sam's promise at a meeting with reporters covering the presidential office that the local elections will be held as scheduled as "a fair and proper comment."

DP spokesman Rep. Pak Chi-won, however, made his party's opposition clear to President Kim's indication to ban political parties from nominating candidates for election to the posts of councilmen of smaller cities, counties and wards.

"The existing law governing local autonomy stipulates that anyone can run for the local elections, not that no one can run for the polls without a political parties' nomination," Rep. Pak said.

The ruling party can just give up nominating its candidates for any election it is not confident of winning, Pak maintained, but it is not right for the party to try to revise the law to limit the basic rights of the people and political parties.

Representative Yu Urges Constitutional Revision

SK2702040395 Seoul YONHAP in English 0252 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Rep. Yu Song-hwan, of the Democratic Liberal Party (DLP), called Monday for amendments to the Constitution, including a change in the president's tenure of office.

Rep. Yu, a member of the ruling party's Minju (Democratic) faction led by President Kim Yong-sam's confidants, made the suggestion in the course of interpellating the administration on political affairs at the National Assembly plenary session.

"The Constitution should be rewritten at the same pace with globalization and localization... The imbalance between the term of the president and lawmakers must be remedied," Yu said.

Under the Constitution, the presidential term of office is five years, while that of National Assemblymen is four years.

Yu's remarks about constitutional revision were not included in the original text of his interpellation.

Kim Dismisses Need for Revision

SK2702133895 Seoul YONHAP in English 1236 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—President Kim Yong-sam dismissed Monday any needs for constitutional amendments "in the present situation of confrontation with North Korea," warning the amendments would only raise a grave political issue and put the people into great confusion.

Asked if he had thought about amending the Constitution to pave the way for the next president to serve another four-year term in an exclusive interview with the SEGYE TIMES on its sixth anniversary day, the chief executive said, "That's a dangerous idea."

As for the trade union's move to launch political activities, Kim said such activities are against the law, adding violations of the law, whatever they may be, would not be tolerated.

He stressed the government would deal with the union's political activities strictly by law, suggesting that the government would not allow the union to support any particular party or candidate in the coming local elections.

He said that because the coming local elections are very important to achieving an election revolution for clean politics, he would manage the elections not as the ruling party's leader but as a neutral president of the country.

All government officials will maintain a strictly neutral stance on the elections so that the term of the government's election meddling will be gone for good, he added.

Asked about the naming of his successor in the ruling party, he said, "The term of designating a successor in a political party is not proper. In a democratic country, I think political leaders grow themselves on the basis of support from the people and party members, and they are not named and raised as in an authoritarian country. Everything (about who will succeed me in the party) will be set by democratic and fair rules in the party."

President Announces Changes in Property Assets

SK2702072095 Seoul YONHAP in English 0627 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—President Kim Yong-sam, who pioneered the cleanup campaign upon the inauguration of his civilian government in 1993, made public detailed changes in his assets through the government bulletin Monday.

When he was sworn in to the presidency, he declared he would not accept a penny of political funding from anyone during his five-year tenure and established a system of opening up public officials' properties.

People's attention, quite naturally, focused on the changes in the properties owned by President Kim, his father, wife and children that were listed together with the other 6,500 officials subject to the assets disclosures.

President Kim's assets gained some 395,721,000 won (502,822 U.S. dollars) over a one-year period from a total of 2,086 million won listed at the end of 1993.

President Kim's own increase was some 42 million won, that was deposited to the Commercial Bank of Korea whenever he received his salary.

The rest of his value gain came from his father, Kim Hong-cho, who earned 1,900 million won over one year, from a fisheries business he has been running for decades in his hometown in Koje Island, South Kyongsang Province.

A Chongwadae [presidential offices] secretary explained that Kim's father had given some money out of his income to his son, the president, when he was an oppositionist, but his assets have increasingly swelled with the accumulation of his earned pay.

President Kim's father sold a passenger car, a 1990 Grandeur, and purchased the newest edition of the same model last year. An aide to President Kim explained that the net increase in the property value of Kim's father is estimated at 188 million, if fishing and living expenses are deducted from his total income last year.

President Kim's eldest son, Un-chol, who is reportedly supporting his grandfather's fishing business, gained fortunes worth 146 million won last year from the purchase of a new house in northeastern Seoul and loans from the Commercial Bank of Korea.

When President Kim took office in February 1993, he voluntarily disclosed his assets amounting to 1,780 million won. But the figure dropped to 1,645 million won seven months later when he made a formal registration of his properties according to the ethics law of the public officials.

Of the amount, Kim's own assets were valued at 560 million won including his private home in Sangdo-tong, Seoul, (about 410 million won), and some plots of land. His wife, first lady Son Myong-sun's own assets were registered at 70 million won at that time.

However, President Kim and his family's fortune rose 440 million won to a total 2,086 million won February last year when the registration of change in the assets was first implemented under the ethics law.

Committee Releases Figures on Lawmakers' Assets

SK2702021595 Seoul YONHAP in English 0128 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—The properties of 36 lawmakers increased by more than 100 million won (127,000 U.S. dollars) last year while those of 35 others decreased by more than 100 million won, the National Assembly's Ethics Committee revealed Monday.

Under the ethics law of public officials, the house panel opened to the public the change of assets during a one year-period of 330 persons in the legislative body who are subject to make their property values public.

Three of them saw their fortunes increase by more than 1 billion won while six others' assets decreased by 1 billion won.

Rep. Kim Chin-chae of the ruling Democratic Liberal Party (DLP) was listed at the top with rising property worth 5,314 million won for one year, followed by independent lawmaker Chong Mong-chun with 1,618 million won, DLP Legislator Chong Tong-ho with 1,139 million won.

Rep. Kim Yong-hwan, an independent, and Rep. Chong Chae-mun of the DLP also increased their properties by 723 million won and 539 million won, respectively.

Meanwhile, Rep. Kim Hyo-yong of the DLP saw the largest decrease in property during the period with 5,223 million won lost, due to his son's business failure. Other lawmakers whose fortunes were reduced were Rep. Kim Won-kil of the opposition Democratic Party (DP) with 3,079 million won, Rep. Pae Myong-kuk of the DLP with 1,932 million won, Rep. Yi Sung-mu of the DLP with 1,874 million won and Rep. Cho Chin-hyong of the DLP with 1,778 milllion won.

House Speaker Hwang Nak-chu's fortunes rose 108 million won while Vice Speaker Hong Yong-ki's properties gained by 87 million won.

DLP Chairman Yi Chun-ku earned some 65 million won from his deposits in the bank while DP Chairman Yi Ki-taek's property increased by 18 million won.

Of the ruling DLP post holders, Secretary-General Kim Tok-yong's fortune decreased by 5 million won while Floor Leader Hyon Kyong- dae's property increased by 18 million won.

DLP Chief Policymaker Yi Sung-yun reported that his assets decreased by 407 million won due to the price drop in real estate that he and his wife owned.

In the opposition DP, Secretary-General Choe Nak-to's assets were downed 29 million won, while floor leader Sin Ki-ha's property increased by 66 million won. DP's Chief Policymaker Kim Pyong-o reported that his fortune was reduced by 41 million won.

A number of parliamentarians sold their real estate for fear that they might be suspected of speculation, and there were almost no purchases of land or houses by the lawmakers.

However, there were active transactions in securities and changes in business activities involving bank deposits.

Changes in Government Officials' Assets Released

SK2702021695 Seoul YONHAP in English 0136 GMT 27 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP)—Changes in the assets of senior administration officials and their families from last year were made public in a government bulletin Monday.

The changes involve the family properties of 629 assistant minister-level and higher officials, including President Kim Yong- sam, whose assets must be publicized by law.

The disclosure showed that in the past one year, the average increase of the senior officials' family properties was 64 million won.

The average gain among those of the presidential secretariat and security service amounted to only half as much at 32 million won.

The official whose family assets swelled the most last year was Vice Home Affairs Minister Kim Mu-song, with a rise of 1,801 million won owing to the increased value of his family's securities.

On the other hand, So Sang-ki, director of the Korea Machinery Institute, saw his family assets dwindle the most, with a loss of 502 million won.

President Kim reported that his and his family's assets increased 396 million won from 2,086 million won at the end of 1993. The gain of the president's personal assets was 42 million won made through the savings of his salaries.

Prime Minister Yi Hong-ku, known to be one of the richest public officials, reported that his families' assets declined 35 million won from last June, when he first registered 3,030 million won in family properties.

The assets of Deputy Prime Minister Hong Chae-hyong increased by 40 million won from 874 million won, those of another Deputy Premier Na Ung-pae by 63 million won from 6,588 million won.

Chief Presidential Secretary Han Sung-su saw his family assets increase by 8 million won to 2,123 million won last year, according to the government bulletin.

Kim Yong-sam on Developing Judicial Reform Plan

SK2402083995 Seoul YONHAP in English 0817 GMT 24 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—President Kim Yong-sam Friday [24 February] instructed the government to work out a judicial reform program as early as possible to best serve the people using legal services.

In a committee meeting at Chongwadae [presidential offices] he chaired for promoting the country's globalization scheme, Kim gave the directive, saying that he believes the people have already reached a consensus for the need of epoch-making reforms of the present state law examination system and law education.

Kim particularly emphasized the eradication of the inveterate practice by the judiciary of giving "favorable treatment" to the cases brought by those who have just started practicing law after quitting their jobs as judges and prosecutors.

Describing the cited practices as denying the judicial justice, Kim stressed that "such deep-rooted, long habits for favorably treating former officials should be corrected by all means."

Officials at Chongwadae said that the president's will to renovate the judicial field is firmer than for any other sectors and maintained that the reformative programs for the judicial field are expected to be materialized in April or May.

During the briefing session of the Chongwadae meeting, the Globalization Promotion Committee reported that it will draft a reformative plan in April or May after collecting a variety of opinions from all walks of life on the existing legal system and law education.

They explained that President Kim has resolve for the reform program because the general public has been unable to get good quality legal services under the present judicial system and because the country can hardly construct a mature law-governing society under the shortage of specialized legal people.

Meanwhile, the president claimed that the government must expand the opportunities for experts abroad to work in the administration if needed.

"The government must cultivate the necessary manpower for specific fields, but it must also expand opportunities so that experts overseas are able to work in the government," he emphasized.

Referring to foreign language education, Kim said that cultivating the people's foreign language capabilities is becoming the essential element to the country's international competitiveness.

He emphasized that English education for students must be centered on conversation as early as in primary schools.

Kim Yong-sam's Social, Education Reforms Viewed

SK2402030695 Seoul YONHAP in English 0144 GMT 24 Feb 95

[Report by Kim Tae-yong; last of three reports reviewing the achievements of the Kim Yong-sam administration in the political, economic, and social fields on the second anniversary of its inauguration on 25 February]

[FBIS Transcribed Text] Seoul, Feb. 23 (YONHAP)—Since its inauguration two years ago, the Kim Yong-sam government has made drastic social reforms, in such areas as the military, judiciary and education, along with many other political and economic changes.

In particular, the reform of the military, which previously dominated contemporary South Korean history, was remarkable as it disorganized the "Hana-hoe," an intra-army fraternity of "politically-oriented" graduates of the Korean Military Academy that led the Dec. 12 "coup d'etat-like incident" in 1979 and had taken most of the important military posts.

The government's powerful reform drive ended up reshaping the nation's legal circles, which had been considered another sanctuary in this country. It led to a reshuffle of major posts in the judiciary, including those of the chief justice and the prosecutor-general.

In addition, the civilian government actively pushed for educational reform, although it still left much to be desired.

The military reform included both dissolution of the private group of political soldiers and the disclosure of the transparency of the military administration.

The first civilian government since 1961 discharged Gen. Kim Chin-yong, the then chief of staff, and So Wan-su, the then defense security commander, from service on March 8, 1993, 11 days after Kim Yong-sam took the presidency.

It was the beginning of the disorganization of Hana-hoe. In May 1993, the government discharged four more "political" soldiers including Yi Pil-sop, the then chairman of the joint chiefs of staff, and sent another six Hana-hoe members, ranked lieutenant general or above, out from the military in 1994.

The Defense Ministry excluded Hana-hoe members from being promoted to the ranks of division commander as well as brigadier general.

In the cabinet reshuffle last December, Kim appointed Yi Yang-ho, chairman of Joint Chiefs of Staff, as defense minister—the first one from the Air Force—in a bid to step up the military reform.

Besides the personnel management in the military, the government also made efforts to reveal the transparency of the military administration by investigating the Yulgok project, the country's force improvement project which has cost more than 20 trillion won (about 25 billion U.S. dollars) which began in 1974.

However, the irregularities that had been disclosed during the reform reflected upon the whole military, lowering the morale of most soldiers and thus raising the number of those professional soldiers who wanted to voluntarily leave the military.

So some experts pointed out that the government urgently needed to take countermeasures.

The judiciary and other legal circles were not exceptions to the reform.

The legal circles would not disclose the private assets of judges during the first asset registration of public officials in March 1993, to avoid giving the impression that they were heeding what's going on in the political world. But they had to follow the move in the second asset registration in September the same year.

With the asset registration, the then chief justice Kim Tok-chu stepped down from his office, and Yun Kwan, chairman of the central election management committee, replaced Kim.

As Yun assumed office as chief justice, nine senior judges including two Supreme Court justices had to retire because they were senior to Yun in the legal world.

And the replacement of chief justice was just the beginning of the reform of the law circles.

Chief Justice Yun inaugurated a committee to develop a judiciary system, which worked out a framework of the legal reforms.

In accordance with the framework, the committee will merge the Seoul district civil court and the Seoul district criminal court in March this year, and station city and county judges in more than 30 cities and counties across the country in September this year.

As for the prosecution, two senior prosecutors, including Chong Song-chin, the then chief of the central investigation department in the supreme public prosecutor's office, retired due to public resentment over their allegedly questionable means of amassing property after disclosing their assets in 1993.

Yi Kon-kae, the then chief of the Taejon high public prosecutor's office, and two other prosecutors on the same level also retired as their involvement in the slot-machine incident was disclosed in 1993.

Shortly after their retirement, Pak Chong-chol, the then prosecutor-general, also retired, assuming responsibility for the irregularities inside the prosecution.

But the reform in the legal world is still continuing.

The government is planning to repeal the conventional state examination for the selection of elite legal officials including lawyers, prosecutors and judges, and instead, will introduce a different kind of examination to increase the number of lawyers and improve legal services for the people.

The educational reform was not sufficient, however, compared to reform in the other fields.

President Kim Yong-sam established a committee to reform education directly under the president in February last year. The committee announced a drastic measure late last year to allow universities and colleges to select as many freshman that they wanted to enroll and to decide on their own ways to manage school affairs.

In other words, the government suggested its intention to reduce its interference in school affairs of the universities and colleges.

In educational reform, the government also reinstated 1,342 of the total 1,490 "Chonkyojo" teachers, who had been fired in the former government, to elementary, middle and high schools until the end of last year.

The former No Tae-u government dismissed the teachers who joined "Chonkyojo," a labor union of teachers across the country, citing that teachers should not organize or join trade unions.

The Education Ministry is studying various measures to further educational reform, but most of the measures are controversial. So some government officials are saying that only the president can decide on the kind of measures.

Therefore, the Kim Yong-sam government might announce some drastic educational reforms in March or April this year in preparation for the globalization of education, according to government sources.

President Kim Urges 'Bold' Education Reform

SK2402113995 Seoul YONHAP in English 1108 GMT 24 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—President Kim Yong-sam said on Friday [24 February] afternoon a time is drawing near to make a bold decision of education reform.

The president said in KBS-1 Television's "Dialogue With President Kim" program, "The college entrance exams system has changed no fewer than 11 times since national liberation, but it is still laden with problems."

Stating that the importance of education cannot be too emphasized, Kim said something has to be done about education even in connection with the nation's globalization.

President Kim also said North Korea has invented an imaginary enemy to maintain their uncertain system and that imaginary enemy is none other than South Korea.

"For many decades North Korea hasn't changed a bit toward South Korea whereas the South has changed too much," he said.

Asked what he thinks are the stumbling-blocks to the nation's globalization, President Kim gave irregularities and corruption, and backwardness of politics.

"In particular, our people's exclusiveness is quite notorious," president added.

Several Major Firms Fail Despite 'General Boom'

SK2802020295 Seoul YONHAP in English 0143 GMT 28 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP)—Despite a general boom in business, several large companies, some of which were listed on the stock market, recently went bust, a rare phenomenon in the business world here.

Five firms of the Toksan Group, based in Kwangju, went insolvent Monday [27 February], as they failed to clear promissory notes drawn from Hanil Bank for a total of 17.5 billion won (about 22 million U.S. dollars), industry sources said. The five were Taehwa, Toksan Heavy Industries, Toksan Cement, Toksan Ceramics and Toksan Concrete.

Another Toksan Business, Mudung Construction, has also dishonored its notes for 550 million won.

And still another Toksan Firm, Toksan Development, is said to be on the brink of bankruptcy, and Koryo Cement, as guarantor of Toksan's debt, is considering placing the company under receivership, a court-appointed receiver's management, as it fears it may also be taken down with the demise of Toksan Development.

Samdo, Ltd., a listed garment maker, also applied to the Seoul District Civil Court for receivership Monday because of its insolvency.

Chohung Bank, which serves as Samdo's main bank, said Samdo had filed the receivership application with the bank's consent.

Samdo's debts are known to total 94.5 billion won, including 69 billion won to Chohung Bank, 15 billion won to Sinhan Bank, 500 million won to the Commercial Bank of Korea and 10 billion won to non-banking financial institutions.

Sources said Samdo, having suffered failure in its apparel business, had tried in vain to shift to the auto-parts industry.

FKTU 'Moving To Expand' Political Influence

SK2402003195 Seoul THE KOREA HERALD in English 24 Feb 95 p 3

[FBIS Transcribed Text] The Federation of Korean Trade Unions (FKTU) is moving to expand its political influence, under a long-term plan to launch a political party that will represent the interests of laborers.

In a plenary meeting of representatives from throughout the nation yesterday, the federation decided to actively participate in the June local elections by backing up candidates with favorable views on the labor movement.

A 10-point statement issued after the meeting called for transforming the organization into a"political force" that would eventually lead to the inauguration of a political party.

"We will strive to remove legal and other institutional barriers to political participation by unions," it said.

On the coming elections of governors, mayors and county chiefs, the federation said it will mobilize all its "organizational power" to back parties and candidates that express their support for labor movement.

The federation called on the government to step up efforts to better reflect the views of laborers in major policies. It also said it will push for dialogue with a North Korean association of labor unions.

The FKTU is currently the nation's only established association of unions.

Ceremony Opens Military Science Graduate School

SK2402020995 Seoul THE KOREA TIMES in English 24 Feb 95 p 3

[FBIS Transcribed Text] The Advanced Institute of Military Science and Technology, a graduate school aimed at fostering experts on weapon development and research, was opened in a ceremony at the Korea Military Academy in eastern Seoul yesterday.

The institute has six departments, which cover weapons system engineering; electronics; earth engineering; communications engineering; material science; ocean engineering and aerospace engineering.

Fifty five students, composed of officials ranked major or below and employees of the defense industry, were selected last December and underwent a five-week basic training course. They will begin studying their major fields at the institute on March 2.

The first military school offers masters degrees on science and engineering in Korea. Brig. Gen. Chong Ki-ho was appointed as dean of the institute.

Burma

Further Reportage on SRV Defense Delegation

Group Visits Defense Academy

BK2702045595 Rangoon Radio Myanmar in Burmese 1330 GMT 26 Feb 95

[FBIS Translated Text] SRV Defense Minister General Doan Khue, his wife, and his party—accompanied by Brigadier Gen. Tin Ngwe, chief of staff the Air Force, and his wife; Deputy Foreign Minister U Nyunt Swe; and Mr. Tran Viet Tan, Vietnamese ambassador to the Union of Myanmar [Burma]—left Yangon [Rangoon] Airport aboard a special Defense Services aircraft on the morning of 25 February. They arrived at the Pagan Nyuang-u Airport at 1100.

After visiting Shwezigon and Ananda Pagodas, the delegation visited Mandalay Palace and Cultural Museum in Mandalay, the Defense Services Academy in Pyin-u-lwin [Maymyo], the Shante Air Force training center, and the Artillery and Armored School.

Lieutenant Gen. Thein Win, commander in chief of the Air Force, hosted a dinner in honor of SRV Defense Minister Gen. Doan Khue, his wife, and party at the Oasis Airport Restaurant at 1900 today. The dinner was attended by Lt. Gen. Tin U, secretary-2 of the State Law and Order Restoration Council; Foreign Minister U Ohn Gyaw; Brig. Gen. Lun Maung, minister of the Prime Minister's Office; Quartermaster General Lt. Gen. Min Thein; Vietnamese Ambassador Tran Viet Tan; responsible personnel; high-ranking officers of the Ministry of Defense; and invited guests.

Concludes Visit 27 Feb

BK2702161595 Rangoon Radio Myanmar in Burmese 1330 GMT 27 Feb 95

[FBIS Translated Text] SRV Defense Minister General Doan Khue, his wife, and his party—who were visiting Myanmar [Burma] at the invitation of Brigadier Gen. Lun Maung, minister of the Prime Minister's Office of the Union of Myanmar—left Myanmar by air this evening. The delegation was seen off at the airport by Brig. Gen. Lun Maung, minister of the Prime Minister's Office, and his wife; Rear Admiral Tin Aye, chief of staff of the Navy; Major Gen. Tin Ngwe, chief of staff of the Air Force, and his wife; Brig. Gen. San Aung, commandant of the National Defense College; Deputy Foreign Minister U Nyunt Swe; and responsible personnel.

Khin Nyunt Warns Against Dissident Groups

BK2802055795 Rangoon THE NEW LIGHT OF MYANMAR in English 19 Feb 95 pp 1,7

[FBIS Transcribed Excerpt] Yangon, 18 Jan—Chairman of the Myanmar Education Committee Secretary-1 of the State Law and Order Retoration Council Lieutenant General Khin Nyunt addressed the conclusion of the Special Refresher Course No. 14 for Basic Education Teachers, conducted by the Central Institute of Civil Service [CICS] in Hlegu Township this morning. [passage omitted]

He explained that CRDB [Committee for Restoration of Democracy in Burma] is an organization led by expatriates and its subgroups were later formed in England, Germany, Australia and Bangladesh.

Khin Maung Win and Tun Aung of CRDB (USA) are working for VOA and movement of CRDB diminished beginning 1994 and are now organizing the students who arrived from Thai-Myanmar [Burmese] border, he said.

Aung Khin, Than Lwin Tun alias Aung Naing and Khin Hla Thi who took part in the movement of CRDB (UK) in London are part-time producers of BBC Myanmar Programme and therefor reports of VOA and BBC Myanmar Programmes are opinions of CRDB (USA) and CRDB (UK), he said.

CRDB (FRG) was formed with German citizen Myanmars and remaining expatriates and their movement became less as there is disunity among them, he said.

CRDB (Australia), he said, was formed in 1989 and it also ceased to move in 1994.

Various groups like BAG [Burma Action Group], INDB [International Network for Democracy in Burma] and BDCI [Burma Democratic Council International] were also formed later but they are just subgroups of CRDB which are facing financial and other complicated problems, he said.

It is evident that as the anti-government organizations are terminating on their own accord, goodwill of the government and its endeavours for national internal interest become more and more prominent, he noted.

He stated that there is still the danger of destructive elements which are supporting the anti-government organizations like KNU [Karen National Union] and CRDB.

He said it is found that such destructive elements will carry on with their wily schemes.

The secretary-1 urged teachers to be mindful of the movements of these destructive elements and to discern the attempts to interfere with the nation's internal affairs in politics, economy and religion and fabricated reports with intent to tarnish the image of the nation.

He stated that the purpose to explain the intentions and movements of these destructive elements is to enable the teachers to lead their pupils away from the track of the dangers of their machinations. [pasage omitted]

Brunei, Malaysia & Singapore

Malaysia

Police Launch Search for Barings Fugitive

BK2802064895 Hong Kong AFP in English 0504 GMT 28 Feb 95

[FBIS Transcribed Text] Kuala Lumpur, Feb 28 (AFP)—Deputy Home Minister Megat Junid Ayub assured Tuesday of Malaysia's cooperation in tracking down a British trader at the centre of the billion dollar Barings bank collapse.

"We will extend our full cooperation to Singapore to help locate the man if he is still in Malaysia," said Megat Junid, as the federal commercial crime officials continued efforts to locate 28-year-old Nick Leeson.

Leeson, who was general manager of Baring Futures (Singapore) Pte. Ltd., is now accused of having single-handedly brought down Britain's oldest merchant bank after incurring massive losses from his Singapore dealings on Japanese stock index futures.

But Malaysian police said they had no fresh leads on the whereabouts of the "whizz kid," who has left the world gasping at the debacle that brought about a near-global financial crisis.

"We are still searching for him. Until now we have no leads," said a police spokesman of the federal commercial crime unit.

Malaysian police officials said they would have offered assistance to search for the trader even if there had been no request from Singapore.

"He is wanted not only by Singapore. The whole world is after him," the spokesman said.

A police source said Leeson could have slipped into Malaysia from Singapore on Friday on a forged passport, but the spokesman said he had no information on the possibility.

Officials at Barings research arm in Kuala Lumpur remained tightlipped.

Barings is represented in Malaysia by a 21-man research unit, set up by its securities operations in Singapore.

According to Singapore's BUSINESS TIMES, Barings Plc's Singapore unit was to report the massive derivative losses to Singapore's commercial affairs department for possible criminal investigation later Tuesday.

Editorial Urges Legal Settlement on Islands

BK2402162495 Kuala Lumpur BERITA HARIAN in Malay 23 Feb 95 p 10

[Editorial: "Avoid Being Carried Away by Emotion"]

[FBIS Translated Text] The problem of the overlapping claim to the Sipadan and Ligitan Islands by two countries that are close friends with each other—Malaysia and Indonesia—should not be solved emotionally. Any act of demonstration or aggression will not solve the problem. The two countries once had a bitter experience during a period of confrontation and agreed not to have conflicts again. Even though other countries come into conflict over borderlines or territorial disputes, Malaysia and Indonesia cannot afford to do the same. Being races that come from the same root, we cannot overlook our common interests in religion, the dignity of our races, and the good reputation of our nations just for the sake of claiming the two islands.

The issue will become simple if the two countries can reach a common agreement on the way to solve it. We still feel that the best way to solve the problem is a legal one. The two countries must agree to solve the problem by observing the law and abiding by a court's decision. However, it is not wrong for the two countries to try to solve the problem by using a more civilized method, if there is any better way of solving it, and one that would bring satisfaction to the two sides. We agree with Foreign Minister Abdullah Badawi Ahmad Badawi's suggestion that the overlapping claims to the two islands can be resolved through an appropriate mechanism agreeable to the two countries. The dispute cannot be resolved through media discussions or reports, which are said to have tried to stir the people's emotions. The issue has become a hot topic of debate in Indonesia's House of People's Representatives. Several members of parliament have expressed their personal opinions on the issue. A parliamentary commission in charge of foreign affairs and national security has taken a more aggressive approach to resolving the issue of the two islands, which are included in the republic's latest maps. Recently, Indonesia's Survey Coordinating and Mapping Board members were said to have refused to meet representatives of the Malaysian Embassy in Jakarta who wanted to seek an explanation of the matter from them. Following that, last week Professor Mokhtar Kusumaatmaja, former Indonesian foreign minister, called on the people in the republic to remain calm and take wise measures in any efforts to seek a solution to the dispute over the island off the southeast coast of Sabah.

We hope that the people of Indonesia and Malaysia will not be rushed into any knee jerk reactions before the dispute is formally settled. That is why we do not encourage anyone to hold open discussions on the issue. If the peoples of the two countries are given the freedom to openly talk about an issue that is still under negotiation, their emotional statements might influence any decision that is made.

We are confident that the peoples of the two countries will become more restless if the issue is blown up out of proportion by the mass media. We are aware that the people have the right to know about any developments on the issue of overlapping claims, but we feel that the mass media should not turn the issue into something needing the support of public opinion.

We hope that the mass media will be more careful when reporting on the issue. Let us allow the leaders to do their duty and try to resolve the dispute over the islands through negotiations. We should refrain from making judgments on an issue that has not yet been settled.

Malaysia accepts Indonesia's proposal to continue bilateral talks aimed at discussing efforts to resolve the issue even though we feel that the dispute should be settled by the International Court of Justice. But on the basis of friendship, we can comply with Indonesia's request. However, we believe that in view of this, the leaders of the two countries can put further value on the significance of the common religion, race, and cooperation that bind the two countries.

Indonesian Offer of Aerospace Help Praised

BK2502144095 Kuala Lumpur Voice of Malaysia in English 0810 GMT 25 Feb 95

[Station commentary]

[FBIS Transcribed Text] In true ASEAN spirit, Indonesia has offered to help Malaysia in developing its aerospace industry. The offer was made by Indonesian Research and Technology Dr. B.J. Habibie in Kuala Lumpur Thursday at the signing of contracts between the two countries for the purchase of six Indonesian-made CN-235 transport aircraft for the Royal Malaysian Air Force at the cost of 286 million ringgit. In return, Indonesia will buy 1,500 Proton cars and 20 SME MD3-160 light training aircraft from SME Aviation Sendirian Berhad [private partnership]. The contract was signed by Datuk Sri Najib Tun Razak for the Ministry of Defense; for the aircraft manufacturers was represented by Dr. Habibie, who is also president director of Industry Pesawat Terbang Nusantara, IPTN [Nusantara Aircraft Industries].

Malaysian Deputy Prime Minister Datuk Sri Anwar Ibrahim, who witnessed the ceremony, praised Indonesia for its offer to help develop Malaysia's aerospace industry. He said such offer was a clear indication of Indonesia's sincerity to further enhance bilateral relations. Not many neighboring countries would enter into business agreements in such a manner. The offer also included on-the-job training for Malaysians at IPTN complex in Bandung.

According to Datuk Sri Anwar, there are not many countries in the world which can have close ties as well as forge alliances in strategic industries like Malaysia and Indonesia are doing. In making the offer, Dr. Habibie, who was once a top official at the Germany NBB [expansion unknown] aerospace group, spoke of his desire that one day Indonesia, Singapore, and Malaysia would pool their resources to spearhead the formation of a regional commercial aircraft consortium in the 21st century. If this [words indistinct] acted in the interest of cooperation among ASEAN member countries, Malaysia will waste no time in studying Dr. Habibie's proposal.

Another good news is the future of the national car Proton, which has successfully captured several overseas markets. To further facilitate the entry of Proton cars into the republic, the Indonesian Government has agreed to waive the 200-percent import duty normally imposed on completely built-up units from foreign car manufacturer having a local distributor. The Indonesian Government has also endorsed Proton's move to set up an assembly plant in the republic within two years. It will be Proton's second plant outside the country after the Philippines.

Certainly, the generosity shown by the Indonesian authorities is very much welcomed and appreciated by Malaysia as it is another proof of its willingness to work closely in brotherly spirit. By waiving the high import duty, Proton Iswara and Wira will now be more competitive in the Indonesian market. The first shipment of 1,500 Proton cars is expected to be imported soon by Proton sole distributor in Indonesia, P.T. [limited company] Citra Lamtoro Gung Persada. It is learned that the national car will be launched in Jakarta next month. Very soon the streets of Jakarta will be flooded with Proton Iswara 1.3, which will be used as taxis. One thousand of them will hit the busy streets of metropolital Jakarta, while Proton Wira will be used as government vehicles.

Deputy Minister Details Investment Overseas

BK2702145995 Kuala Lumpur THE STAR in English 27 Feb 95 p 5

[FBIS Transcribed Text] Malaysian investments overseas are on the increase and for the first nine months of 1994, they totalled RM [Malaysian ringgit] 2.5 billion, said Deputy Minister of International Trade and Industry Chua Jui Ming.

In 1993, they reached RM3.4 billion, a jump of 161.5 percent when compared with 1992, he said.

Chua said a strong pickup in investment overseas by Malaysians was noticeable since 1989 where RM739.7 million flowed out as investments, representing a 42.4 percent increase from the previous year.

Based on figures made available by Bank Negara [central bank], Malaysia's total overseas investment between 1980 and 1993 was RM13.063 billion.

Of the total, RM6.518 billion was for direct investment in business, RM1.457 billion in real estate and RM5.086 billion in extension of loans, said Chua when delivering a keynote address at a seminar on Exchanging Experiences in Reverse Investment organised by the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry.

He added that the figures would not give a complete picture of the true extent of Malaysia's total overseas investment as many projects were not reported to or known by the government.

There were also many investments whose capital was raised overseas, he said.

Chua said investment was one way to penetrate and expand the export market for Malaysian manufactured goods to non-traditional markets such as China, Vietnam, Cambodia, Africa, and South America.

The government, he said, continued to encourage Malaysian companies to invest overseas on a selective basis through the provision of incentives.

It was only in recent years that Malaysians started to venture into developing economies, he said, adding that Malaysian industrialists must continue to seek new markets.

At a press conference later, Chua said a larger Malaysian external economy through more overseas investments would mean that there would be "enough opportunities for all."

Trade Minister Calls for Research, Development

BK2502074695 Kuala Lumpur THE STAR in English 24 Feb 95 p 6

[Report by Halidz Mahnar, Sharilah Halizah Kadir, and John Tallala]

[FBIS Transcribed Excerpt] Malaysian firms lack pioneering efforts and aggressiveness in penetrating new markets as well as products innovation and development.

They are preoccupied with low-level manufacturing operations and content to remain as contract manufacturers, depending heavily on imported technology.

"This has hindered firms from moving upstream to higher value-added operations and products," said International Trade and Industry Minister Datuk Sri Rafidah Aziz.

She said these findings were confirmed by the Federation of Malaysian Manufacturers' 1994-95 Chief Executive Survey.

Despite the government's continuing efforts to facilitate investment in research and development (R and D) and technology flows, firms still gave low priority to R and D investments.

Rafidah said R and D investments in Malaysia in 1992 amounted to U.S.$36 million [Malaysian ringgit] (RM 92.1 million) or 0.09 percent of the country's GDP, while Singapore and Thailand expended about U.S.$178 million (RM455.7 million) and U.S.$104 million (RM266.2 million), or 0.88 and 0.21 percent of their GDP respectively.

"Even Indonesia which spent approximately U.S.$289 million (RM740 million), or 0.23 percent of its GDP, is ahead of us.

"Countries such as Sweden, which expend 3 percent of its 1992 GDP on R and D, Japan 2.97 percent and the United States 2.62 percent are among the world leaders in R and D," Rafidah said. [passage omitted]

Samy Vellu Wins 6th Term as MIC President

BK2702085095 Kuala Lumpur THE STAR in English 27 Feb 95 p 2

[Report by Vanitha Nadaraj]

[FBIS Transcribed Text] Kuala Lumpur—Datuk Sri S. Samy Vellu was returned unopposed as MIC [Malaysian Indian Congress] party president for the sixth term when nonminations closed yesterday.

Presidential Election Committee chairman Tan Sri S.O.K. Ubaidulla made the announcement at noon when there were no other nominees.

The 2,000 division and branch leaders gathered at the Netaji Hall of party headquarters cheered when Ubaidulla said Samy Vellu had received 1,929 nominations.

A total of 1,990 branches out of 2,390 nationwide filed their nominations. (The other nominations were rejected because they were either incomplete or from defunct branches.)

"I want to thank the branches which nominated me," Samy Vellu said after the announcement.

Many party leaders attributed Samy Vellu's victory to the members' confidence in his leadership and for successfully uniting all the different factions.

However, observers said amendments to the party's constitution last year, under which 50 nominations were required for a member to contest, made it difficult for other contenders to put up token fights.

Secretary General Tan Sri Datuk G. Vadiveloo said Samy Vellu's sixth term reflected the party's stability and strength, while Central Working Committee member Datuk Dr. T. Marimuthu said members had become more mature.

Deputy MIC chief Datuk S. Subramaniam, who congratulated Samy Vellu, said he too had aspirations to be party president one day.

"But for the moment, I do not have any intention to contest," he added.

Singapore

Futures Firms Reassured After Barings Fiasco

BK2802053095 Hong Kong AFP in English 0500 GMT 28 Feb 95

[FBIS Transcribed Text] SINGAPORE, Feb 28 (AFP)—Singapore assured foreign futures firms Tuesday that their trading deposits would not be used to cover oustanding positions of Britain's collapsed merchant bank Barings.

The Monetary Authority of Singapore (MAS), the city state's de facto central bank, and the Singapore International Monetary Exchange (SIMEX) issued statements giving the assurance.

It was the first response by the Singapore government, MAS in particular, since the financial futures scandal here involving Baring Futures (Singapore) Pte. Ltd. was unearthed late Friday.

The scandal involved a billion dollars in losses on Nikkei 225 derivatives trades conducted on the floors of SIMEX and the Osaka Securities Exchange and caused the collapse of Britain's oldest merchant bank.

The statements by SIMEX and MAS came amid fears by SIMEX's foreign member futures trading firms that they might be saddled with the billion-dollar losses incurred by Baring Futures Singapore.

"MAS would like to assure member firms that margins deposited by them with SIMEX for their customers and their proprietary positions will be used exclusively to margin those positions and for no other obligations of the exchange," the statement said.

MAS said Baring has maintained sufficient margin funds with SIMEX to enable the exchange to manage its positions.

Under SIMEX rules, the clearing house acts as the counterparty for all futures contracts, so that if a buyer or seller fails to meet his margin call, the clearing house will have to make good his liability by unwinding the contract to raise cash.

The margin is a deposit made as partial surety that a contract will be fulfilled. The initial margin has to be put down before a contract can be advanced, after which a maintenance margin is required if prices move against the investor.

SIMEX, which has suspended Baring Futures Singapore from trading on the exchange, on Monday doubled the initial and maintenance margins to 1.35 million yen (13,939 US dollars) and 1.08 million yen respectively for Nikkei 225 contracts.

"(This) is in anticipation of the increase in volatility of the contract arising from Baring's default," SIMEX said Tuesday.

Police Classify Barings Case Commercial Crime

BK2802042695 Hong Kong AFP in English 0413 GMT 28 Feb 95

[FBIS Transcribed Text] SINGAPORE, Feb 28 (AFP)—Singapore has classified the billion-dollar financial futures scandal here that crippled Britain's oldest merchant bank Barings as commercial crime, officials said Tuesday.

"A report has been lodged with us and we are investigating the matter," a spokeswoman for the Singapore Commercial Affairs Department told AFP.

"Cases investigated by the department usually turn out to be criminal of nature," she said, declining to confirm whether Baring Futures (Singapore) Pte. Ltd., the bank's futures arm here, lodged the report.

Unlike the police, which comes under the jurisdiction of the Home Ministry, the powerful Commercial Affairs Department is under the purview of Singapore's Finance Ministry.

The department probes cases related to the Companies Act and the Securities Industry Act relating to "commercial kinds of fraud," the spokeswoman said.

Failed transactions in derivatives by Baring Futures Singapore has saddled the parent bank, which has applied for administration, with a billion dollars in losses.

The losses were said to be essentially sustained by a single person, Nick Leeson, the 28-year-old chief trader at Baring Futures Singapore, on a series of trades conducted on the Singapore International Monetary Exchange (SIMEX) and the Osaka Futures Exchange.

Leeson, who has been in Singapore for more than three years, has disappeared and industry sources said his wife, known only as Lisa, is also missing.

His reported losses were in deals related to the Nikkei 225, basically a derivatives contract based on a simple average of 225 representative stocks listed on the Tokyo Stock Exchange.

Derivatives are instruments that derive their value on the underlying securities and include shares and index futures, interest rate swaps and options.

* Country Supports ASEAN PKO Force

95SE0110A Jakarta MERDEKA in Indonesian 19 Jan 95 p 7

[FBIS Translated Text] Singapore, 18 Jan (MERDEKA/ANTARA)—Singapore supports Malaysia's proposal for the formation of an ASEAN peacekeeping force for duties overseas under the umbrella of the United Nations.

Singapore Minister of Defense Lee Boon Yang said Tuesday [17 January] that, after talking with Malaysian Defense Minister Najib Tun Razak, Singapore "agrees in principle" with Malaysia's proposal for an ASEAN peacekeeping force.

Najib, who is now in Singapore to attend a meeting for inauguration of a Malaysia-Singapore defense forum, said that he had also received from Indonesia a positive reaction to the proposal. He added that he will discuss the concept with the three other ASEAN member countries, namely Brunei, the Philippines, and Thailand.

Najib said peacekeepers from the ASEAN defense force will undergo initial and basic training in Malaysia and Singapore.

The idea behind the formation of an ASEAN peacekeeping force is to enable ASEAN member countries to make a greater and more efficient contribution to UN peacekeeping activities by sending their peacekeeping force together rather than individually, Najib said.

The two defense ministers also signed a memorandum of understanding on defense industry cooperation to help the defense industries of the two countries in areas such as joint ventures, joint production, supplementary contracts, component sources, and joint marketing.

Maintain Ties

Meanwhile, Singapore Deputy Prime Minister Lee Hsien Loong stressed that the Batu Putih Island dispute and other unpleasant issues should not disturb good relations between Singapore and Malaysia.

In a speech, entitled "Singapore and Malaysia, Jointly Prosperous in a Dynamic Region," given in Kuala Lumpur Tuesday to intellectuals of the Institute for Diplomacy and Foreign Relations, Lee said, "We are not competitors, let alone enemies, but we are trying to develop a common prosperity."

Lee, who is also the son of the former Singapore Prime Minister, said that the two countries have experienced close ties over the last 15 years, especially in intergovernmental and trade relations, coincident with the phase of Malaysian government under the leadership of Mahathir Mohamad.

"I think we have now entered the most gratifying stage, and we should forget aspects of history that once complicated relations between the two countries," Lee said.

Quantitatively, he pictured relations between the two countries as entering a new era, with the value of mutual trade having risen fourfold in the last 14 years, from 22.7 billion ringgit in 1980 to 87.5 billion ringgit in 1994.

According to Lee, who came to Kuala Lumpur on a three-day visit, the results of trade cooperation will grow rapidly following Singapore's willingness to buy gas energy produced by Malaysia's PETRONAS [National Petroleum Company] and the new cooperation in joint development of the defense equipment industry.

"Let us put aside the issues that have hampered relations between the two countries, and let us look to the future, while jointly benefiting from comparative advantage in order to make relations even better," Lee said.

Goh Calls Malaysian Trade Dispute 'Technical'

BK2602132795 Singapore THE STRAITS TIMES in English 25 Feb 95 p 1

[FBIS Transcribed Excerpt] Prime Minister Goh Chok Tong has described the row between Singapore and Malaysia over the latter's permit scheme for petrochemical imports as a technical dispute.

It is not unlike the issue of the ownership of Pedra Branca, an island Singapore has administered for more than 150 years and which Malaysia is laying claim to.

"Both sides understand that they are specific technical issues and they would not affect our other relations," said Mr Goh.

"We just isolate a specific issue and get it resolved. It should not have a ripple effect on other areas of cooperation.

He said this in a recent interview with FINANCIAL TIMES journalist Kieran Cooke, who asked about Singapore's recent decision to refer the dispute over the permit scheme to the World Trade Organisation [WTO], the successor to the General Agreement on Tariffs and Trade.

Last April, Malaysia instituted a new system under which domestic plastic makers must buy local raw materials first and then obtain government permits if they want to import more.

Singapore argued that this was a quantitative restriction on imports that went against GATT rules. Singapore's sales of polyethylene and polypropylene to Malaysia fell by 99 percent between April and November last year as a result of the measures. It referred the issue to the WTO earlier this year. [passage omitted]

Hun Sen Solicits Investment in Cambodia

BK2402084495 Singapore Radio One in English 1400 GMT 23 Feb 95

[FBIS Transcribed Text] Cambodia's Second Prime Minister Hun Sen, who is in Singapore, has called for more investments to his country.

Speaking at the Rotary International's 90th anniversary dinner tonight, he said the main problem facing Cambodia today was poverty. Mr. Hun said while the international community was providing assistance to Cambodia, more private investments are needed to improve the current situation. He added the stability of the current government has helped to create the economic stability.

Mr. Hun earlier called on Prime Minister Goh Chok Tong at the Istana [Palace].

Economy Grew 10.1 Percent in 1994

BK2702150795 Singapore Radio Corporation of Singapore in English 1100 GMT 27 Feb 95

[FBIS Transcribed Text] Singapore's economy posted a 10.1 percent growth last year. All sectors registered growth, with the manufacturing and construction sectors being the star performers. The manufacturing sector performed especially well at 13 percent, fueled mainly by rapid growth in the electronics industry. The construction sector grew by 15.7 percent, nearly double the previous year's 8 percent, driven largely by a sharp increase in private sector demand. But after two years of strong growth, the Ministry of Trade and Industry expects cost pressures to slow the momentum.

Cambodia

Khmer Rouge on U.S. Envoy's Statement on Aid

BK2502143095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Feb 95

[FBIS Translated Text] Twining, U.S. ambassador in Phnom Penh, recently said that the United States wants to provide more aid to the two-headed government, but the latter has to resolve a number of problems, such as corruption and ghost soldiers and ghost officials. Furthermore, the United States is shouldering expenses in Palestine, Somalia, Bosnia, Haiti, the Middle East, Mexico, Russia, and Eastern Europe. Moreover, the U.S. Congress has drastically reduced foreign aid. Thus, the United States is moaning and the two-headed government is (?in trouble). What will be the fate of the traitors and lackeys? How long can they survive?

Commentary Supports U.S. Genocide Probe

BK2802100595 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Feb 95

["Political commentary": "Three Steps Toward Dragging the Khmer Rouge Ringleaders to the Gallows"]

[FBIS Translated Text] Alphonse Laporta, head of the Office for the Investigation of Genocidal Acts in Cambodia [OFIGAC], told local journalists at the U.S. Embassy on the afternoon of 22 February that his office had begun its work and will succeed in its undertaking if the Royal Government authorities, nongovernmental organizations, and Justice and Interior Ministries provide good cooperation.

It should be noted that the OFIGAC was formed under a law signed by U.S. President Bill Clinton on 30 April 1994 with Alphonse Laporta as its head and an operational budget of $400,000. It is known that the office's goal is to investigate genocidal acts in Cambodia in line with legal procedures, especially international law. This is because the exposition of genocidal crimes is difficult work and the victims and witnesses should know and basically understand some aspects of the law. For this reason, U.S. President Bill Clinton approved a budget of $50,000 for Yale University to arrange a research program on the investigation into genocidal acts in Cambodia.

The head of the office stressed that he has a lawyer and a history professor to help him in his research during the first two years. He has divided this work into three steps. The first step is to locate all sources of information concerning cases of genocide and store them in computer files—this information will be collected not only in Cambodia but also in the United States and other countries. He said that many Cambodians in the United States have given information, documents, and details concerning these crimes and these have already been stored in the computer. He also considers the 1979 People's Court conviction of the genocidal criminals an important document. The second step is to organize 10 weeks of law instruction for the Cambodians working in Cambodia. This will be held in Phnom Penh in mid-1995 and 1996. This is an important matter because the plaintiffs must understand the law and know whether there is any incriminating evidence to bring before filing charges against anyone. The third step is to work with the Cambodian workers and the lawyers at Yale University to learn about the court's rules of evidence and legal procedures.

The office head further stressed that his group's research will cover only the 1975-79 period, when Pol Pot was in power, adding that he has not yet arranged a program to deal with new crimes that are taking place.

Although the work of this investigating office is a lengthy and time-consuming process that will not be satisfactory to Cambodians who want to see the criminal Khmer Rouge ringleaders quickly dragged to the gallows, we understand that Laporta's three steps and Yale University's compiling of documents in addition to the documents from the 1979 People's Court conviction of the genocidal criminals will provide sufficient proof to bind the Khmer Rouge ringleaders tightly.

The best solution is for those recalcitrant ringleaders to follow his majesty the king's clear-sighted advice; that is, principal Khmer Rouge ringleaders such as Pol Pot, Nuon Chea, and Ta Mok should go into retirement and exile themselves to other countries. As for the other Khmer Rouge elements, they should lay down their weapons, stop all their destructive acts and killing, return to national society to live under the roof of the Constitution, and set up political parties or newspapers to serve them in the coming elections in 1998 if they so wish. If they remain arrogantly indifferent to this call, they will definitely be punished according to the existing law.

Kamchai Hydroelectric Dam Protocol Signed

BK2802090695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Feb 95

[FBIS Translated Text] His Excellency [H.E.] Pu Sothirak, minister of industry, mines, and energy, and (Momet Pamoley), representative of the Canada-based

Petro-Quebec International, [names indistinct] companies, signed a protocol on the agreement concerning the study of the project on the Kamchai hydroelectric dam in Kampot Province at the Cambodiana Hotel on the afternoon of 27 February. The signing ceremony took place under the authorization of Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia.

Taking the floor on that occasion, Prince Krompreah Norodom Ranariddh said the study is an approach to a construction called the Kamchai program that can supply 120 megawatts of electricity and, most importantly, irrigate 35,000 hectares of rice field.

The first prime minister further said that the study of the project is the continuation of work from the Sangkum Reas Niyum regime under the leadership of His Majesty King Norodom Sihanouk Varaman and that hydroelectric dam construction is a priority of the government's policy to serve the medium-term and long-term needs for electricity. The hydroelectric dam is a source of cheap energy and uses water, which is perennial, as raw material.

The prince pointed out that the Kamchai dam would also promote national development in light industry and agriculture, prevent flooding, and become a source of water for the irrigation of many thousand hectares of rice field and orchards in southern Cambodia.

Sihanouk Welcomes International Aid

BK2702145795 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 27 Feb 95

[FBIS Translated Text] His Majesty King Norodom Sihanouk Varaman has said: "In the process of rehabilitating and rebuilding Cambodia, we should have close cooperation with the international community. We should also prove that we have used their aid correctly. In other words, we should clearly show that we have used the assistance only in our national interest."

His majesty said this on 27 February when he presided over the inaugural ceremony of the fourth power plant in Phnom Penh donated by the Japanese Government. He said that electricity is generally very useful to our people and to our country's religious, economic, and social sectors.

The king added: "Cambodians should help themselves, but this is not enough. We also need aid from the international community to rehabilitate and redevelop our country. Cambodia always welcomes aid from the international community because it is unconditional."

Khmer Rouge 'Cabinet' Assesses Enemy Situation

BK2802024195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 27 Feb 95

["Press communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation cabinet on 27 February; place not given]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session on Monday 27 February under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

I. During the four months of the 17th dry season ending in 1995, the all-around situation of the two-headed government, communist Vietnam, and the alliance has become one in which they are agonizing and rotting in all sectors.

Politically, the entire Cambodian nation and people, including those in the countryside, Phnom Penh, and abroad, have been more resolutely opposing and rejecting them. The Cambodian nation and people have been fighting, opposing, and rejecting them as a clique of race exterminators, chief criminals, and leading murderers who have intensified the war to commit a massive massacre against the nation and people, who have become extremely fascist and corrupt, and who have carried out a wholesale plunder of the nation and people.

Economically and financially, they have found themselves totally bereft, having hit rock bottom. Prices of consumer goods have skyrocketed and their riel [Cambodian currency] has become worthless. They have issued new banknotes to cut the nation and people's throats, but they have since been severely denounced and disparaged by the people. The few small coins seasonally given to them by their masters have also become few and far between.

Socially, they have become even more bitterly strapped. Millions of people are starving and facing death everyday. AIDS is spreading all over the country, threatening to cause widespread deaths among the people. Security problems take place everywhere. There are a million and one livelihood problems. Thievery and robberies are on the increase, caused by the 4 million ethnic Vietnamese and the cruel military, police, and civilian administrators of the two- headed government. The all-around situation—political, economic, financial, social, and livelihood—has deteriorated to a critical level. They cannot get out of this situation, and nothing can help them redress it.

In this totally crumbling situation, they have been making an utmost effort and mobilizing everything to shore themselves up militarily. They have hoped to delay the doomsday of the two-headed government a little longer. However, they have been experiencing repeated, crushing, and bloody defeats on the battlefield.

As a matter of fact, since November 1994—the beginning of the 17th dry season—the two-headed government has mobilized their ragtag, decrepit, and demoralized troops here and there and their tanks, armored personnel carriers, and large and small arms to attack the people and the National Army of Democratic Kampuchea [NADK] on various battlefields, such as the battlefields of Preah Vihear Province and Route 12; east Siem Reap and National Route 6; Oddar Meanchey Province and Route 68; Sisophon and Route 69; north, south, and west Battambang Province and National Route 5; Pursat Province, Moung, Bakan, and National Route 5; and the railroads. However, they have been repeatedly beaten back by our NADK and people who have been fortified by a seething anger, implementing the guerrilla and people's war tactics, smashing and sweeping away the enemy civilian administration, attacking and cutting off roads used by the enemies as their life lines, hitting them with mines and punji stakes, besieging them, cutting off their supplies, depriving them of water, killing or wounding them, frightening them, and forcing them to flee in droves. At the end of this month of February, the enemies are currently suffering serious defeats on every battlefield. Thousands of enemy troops have been killed or wounded, their swollen bodies scattered everywhere. The survivors, commanders and rank and file alike, are deserting on a massive scale. They have failed in their attempt to conscript new soldiers because the people have constantly and resolutely opposed and rejected them.

In summary, the situation of the Hun Sen-Chea Sim-Ranariddh-Sar Kheng traitors is one in which they are writhing in agony and decaying through and through in all fields and sectors. We are only waiting for the day they will draw their last breath and will be buried in the pit for traitors. This situation is known to everybody both at home and abroad.

II. Riding the crest of the all-around advantageous situation achieved by our national and racial salvation struggle, the cabinet of the PGNUNS put forth the following directive to be implemented by all municipal, provincial, district, communal, and village committees and all NADK units: it is imperative to continue to unite closely with the people from all social strata and in all circles to intensify militant activities to implement the guerrilla and people's war tactics according to the prevailing conditions of each locality, especially the activities to smash and sweep away the enemy civilian administration and to successfully end the 17th dry season to bring about greater changes to the situation.

If all of us strive hard to carry that out, then we will surely be able to bring an end to the war of communist Vietnam, the alliance, and the traitorous two-headed government; we will surely succeed in achieving genuine national reconciliation; and we will surely achieve genuine peace to give our nation and people opportunities to work and live in normalcy and to jointly build the country and make it stable and prosperous.

[dated] 27 February 1995;
[signed] The Secretariat of the PGNUNS Cabinet

Indonesia

Malaysian Call for Talks on Islands Welcomed

BK2802045695 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 28 Feb 95

[FBIS Translated Text] The Department of Foreign Affairs has welcomed Malaysia's call for the dispute over Sipadan and Ligitan islands to be discussed at a higher level. Irawan Abidin, director general for foreign information of the Department of Foreign Affairs, said this to reporters in Jakarta in response to Malaysian Foreign Minister Abdullah Badawi's statement that the Sipadan and Ligitan case could be settled only if the matter is discussed at the highest level of the two governments.

Malaysia wants the dispute over Sipadan and Ligitan islands to be referred to the International Court of Justice in The Hague, Netherlands. Indonesia, however, believes that the case should be discussed bilaterally rather than through the International Court of Justice and maintains that the High ASEAN Council will have to be used as a mechanism if a third party is ever involved in the case.

According to Irawan, bilateral talks on the case have been at the senior officials' level. The talks will have to first involve ministers before reaching the highest level—President Suharto and Prime Minister Mahathir Mohamed.

'Dialogue' With Vatican Proposed on East Timor

BK2702151595 Jakarta REPUBLIKA in Indonesian 27 Feb 95 p 1

[FBIS Translated Text] Jakarta—The members of the National Commission on Human Rights are satisfied with the outcome of their second visit to East Timor to investigate the Liquisa incident. They have returned to Jakarta and are planning to hold a plenary meeting on Wednesday [1 March] to discuss their findings. The commission will set up a branch office in Dili soon.

The Officers Honorary Council will be formed on 27 February in conjunction with the appointment of the deputy Army chief of staff. The council is comprised of 36 personnel, 20 of whom are senior officers. The council will consider the report by the Armed Forces factfinding team and come up with recommendations on the matter. The team said that there are different ways to approach the task.

The candidate for chairman of the Officers Honorary Council is not yet known. General R. Hartono, the Army chief of staff, said yesterday: "The candidate could be the current Army inspector general or someone slated to become the Army inspector general." Major General F.X. Sujasman is the current Army inspector general, but he will become the deputy Army chief of staff today.

Meanwhile, Professor Dr. Astrid Sunario, principal of the University of Indonesia, proposed that the Indonesian Government hold a dialogue with the Vatican on the role the Catholic Church in East Timor in a move to appease the people in the province. He said that uncooperative pastors who are not Indonesian citizens have opposed the integration of East Timor into Indonesia.

Astrid, a Catholic, has studied the administrative and legal system in East Timor from 1993 to 1995. He said that the pastors that have stayed in the province for years come from the Philippines, Brazil, and South America originally. "They are larger in number than the local pastors," Astrid told REPUBLIKA.

He said the main issue is that the Catholic Church, inherited from the Portuguese colonial rulers, is still operating on the basis of the 16th century church system, when the church held religious supremacy and political power simultaneously. Under Portuguese rule, the pastors played the role of educators and their salary was paid by the government.

Even though East Timor has been integrated into Indonesia, the pastors still hope the old system will continue. "The concept of the Indonesian Catholic Church is different," Astrid said. As a matter of fact, the world abandoned the old system four decades ago.

The foreign pastors, feeling at a disadvantage, have opposed integration and tried to sow disunity among the people.

Prof. Dr. Muladi, a member of the National Commission on Human Rights, explained that the objective of opening a branch office in East Timor is to assist in handling problems and to try to settle them. The office will be managed by a strongly nationalistic official.

Marzuki Darusman, chairman of the National Commission on Human Rights, said the date for opening the branch office has not yet been fixed. The members will take turns paying regular visits to East Timor, he said.

Muladi also proposed that the government use social and legal approaches in an effort to resolve the East Timor issue. He said the government should use the local capacity [preceding two words published in English] as a tool to strengthen integration.

Foreign Ministry Official Views East Timor

BK2802052095 Jakarta REPUBLIKA in Indonesian 27 Feb 95 p 7

["Excerpts" of interview with Irawan Abidin, Information Director in the Foreign Affairs Department, by correspondent Nurcholis; place and date not given]

[FBIS Translated Text] [Nurcholis] Does the Foreign Affairs Department disagree with the National Human Rights Commission report?

[Irawan] We have not made any decision on this yet. However, we are sure of one thing—the security apparatus. As such, we have never sent any team to conduct investigations into the incident that occurred there. We only based our arguments on the reports by the security apparatus when presenting them at several international forums. However, we will consider the report on the incident in East Timor, which was the first ever conducted by the National Human Rights Commission. We will definitely review and consider the commission's report on its findings. This needs to be done because its second report was considered somewhat different. The fact- finding team is different from the main commission. Thus, the team's approximation of the issue will also be different.

[Nurcholis] How would you assess the public's or the outside world's awareness of the East Timor problem?

[Irawan] Generally speaking, several parties still consider that there are numerous issues that need to be dealt with there. We are aware of such a need. That is the reason we are continuously striving to improve the situation there. This had already been proved. For example, upon his return from a recent visit to East Timor, the Canadian ambassador stated that the East Timor community's living standard has greatly improved. However, reports emerged stating that the East Timorese are currently living in an abnormal situation. In fact, this was created by the anti- integration group as part of its "disinformation campaign." For example, the ninja and the Liquica cases are not major issues. They are only trivial issues. The anti-integration group had deliberately highlighted the issues. From the beginning, we had considered such cases as unimportant and insignificant.

The group's other disinformation campaign concerned the interview in the 20 February issue of THE INTERNATIONAL HERALD TRIBUNE in which Horta joyfully considered that the East Timor province was almost on the brink of war. He reiterated that he had repeatedly offered Indonesia a "peace plan," which it rejected. What did Horta mean? What did he mean by a peace plan? We are currently not at war. Do we need a peace plan? There is no war in East Timor.

[Nurcholis] Is it true that he made such an offer?

[Irawan] Yes. We had repeatedly rejected his offer. One of the main points for the peace plan was that they demanded that another referendum be conducted in East Timor. Such a proposal was considered as going back to the pre-integration period in 1976, or going 20 years backward. Haven't we conducted a referendum previously? Besides, a referendum was only conducted based on Portugal's concept and request. The concept called for the gathering of the traditional leaders in which they had to jointly decide whether an integration was needed or not. The outcome was that they chose to be integrated. On the other hand, the Fretelin [Revolutionary Front for an Independent East Timor], which lost, considered the referendum based on Portugal's concept unlawful. The front recently requested another referendum. Is this considered unlawful? The group's disinformation campaign was not without a concept. The Government of

Portugal had employed the services of a United States public relations consultant—the New York-based Kohlman International Consultants. The consulting company did a fast job. It employed the services of numerous international mass media to highlight the East Timor issue. We have monitored the mass media, whether they are newspapers, magazines, the radio and television, or news agencies. For example, the international mass media carried 75 stories [preceding word in English] (news, articles and interviews, and so on) all along the period from 2 January to February. Out of that number, 32 stories were considered neutral, 38 negative, while the remaining five were positive reports.

[Nurcholis] Then, through what method must we counter the disinformation campaign?

[Irawan] We need to counter their measures through similar modern methods employed by them. We have done this. Remember, the term "modern" is measured by Western standards and not measured in our terms of our local standard. For example, in presenting several reports, we need to be exceptionally and extraordinarily modern. Our mass media also need to be comparatively more modern than theirs when reporting about the issues on East Timor. Apart from this, we have begun operating a "media center" [preceding two words in English] under the auspices of the Foreign Ministry, Information Department and several other relevant agencies.

[Nurcholis] Who is considered to be strongly connected with the East Timor issue?

[Irawan] The first is Portugal. The second is Ramos Horta, and the third is Bishop Bello.

[Nurcholis] Why is Bishop Bello involved?

[Irawan] He is the crux of the problem. Unquestionably, he does not know much about the East Timorese previous situation and the difficulties. As such, we strongly support the new East Timor community's "strong determination," which was forwarded to Jakarta by Antonio Freitas Parada, head of the East Timor Provincial Legislative Assembly. He stated that Bello does not know anything because he only received his high school and tertiary education in Portugal and then received his doctorate in Rome. He only returned to East Timor in 1982. Parada was right. We agreed with him. Bishop Bello probably aspired to become like the Philippines's Cardinal Sin or South Africa's Desmond Tutu. It appeared that he aspired to become like them—to be the head of religion and a political leader. He might do this.

[Nurcholis] Then, what action would be taken against Bello?

[Irawan] We will try to lead him on the right course. We will ask him to only concentrate on carying out his religious functions. There is no need for him to be involved in politics. However, the effort to make him follow a straight course would be difficult because he was directly appointed as the bishop for East Timor by the Vatican—moreover, East Timor's church system is not under the jurisdiction of the Indonesian cardinal, who heads the Indonesian Christian community. However, we had forwarded our request to the Vatican ambassador to Jakarta to ask him assist us in settling this issue and simultaneously ask the Vatican authorities to place the East Timor diocese under the jurisdiction of the Indonesian authorities—similar to the other dioceses. We have also asked the Indonesian cardinal, other bishops and the MAWI [Indonesian Church Leaders Council] to assist us in trying to put Bello on the right course again.

[Nurcholis] How about Horta? Is it true that he is becoming less powerful?

[Irawan] Horta is becoming more isolated. His power is weakening. Only certain social organizations are lending him their support. People are paying less attention to his campaigns. The public does not believe in him anymore when he makes any statement concerning East Timorese currently facing more hardships than before. How can the people trust him when they can witness for themselves the developments in the province? People can commute easily anywhere within the province. Previously, under Portugal's the 450-year old administration, people had to walk even for only a short distance of 10 kilometers. There is a vast different now; it can be clearly seen that the situation has improved compared to what it used to be. Horta's isolation is becoming more noticeable when he rejected the invitation to participate in the "All Inclusive East Timor Dialogue" [preceding five words in English]. The meeting was considered the deciding factor for those against and for the integration of East Timor. Lopez da Cruz and his representatives will represent Indonesia while Fretelin will be represented by its leader, Abilio Soares, and other members. Looking at who will be participating in the meeting surely tells us that Horta is becoming more isolated by most of his followers. The meeting is a gratifying new development. It will have a wider scope—with more prolific participants—and will be different from the previous meetings such as the London I [Roman one] and London II [Roman two] meetings attended by Horta. According to the schedule, the meeting will be soon be held in one of the European nations. The upcoming meeting will be a vital one. One of the UN secretary general's representatives will be attending the upcoming meeting. The UN secretary general's representative will then carry with him the outcome of the dialogue and then present it at the upcoming meeting between Foreign Minister Ali Alatas and his Portuguese counterpart in May in New York. We feel confident that the upcoming meeting will yield a positive outcome. We consider that all parties involved will be invited to present their substantive views regarding to the East Timor dispute.

[Nurcholis] Which country is still being adamant on the East Timor issue?

[Irawan] Which country? The countries that were Portugal's former colonies, such as Mozambique and Angola.

They only provide their support because they were provoked by their former colonist. Such an action is only normal.

[Nurcholis] What about the United States? The UN? The other countries?

[Irawan] The U.S. stand is clear. It had previously declared East Timor as a de facto part of Indonesia. We have already heard the UN's stand as it is continuously trying to find a solution for Indonesia.

Finance Minister Urges Sound Economic Policies

BK2702161895 Jakarta MERDEKA in Indonesian 25 Feb 95 p 1

[Passages in italics published in English]

[FBIS Translated Excerpt] Jakarta, Friday (MERDEKA)—Indonesia is now facing stiff competition in the global economy. With the ratification of the World Trade Organization (WTO) and the signing of several accords by GATT and APEC [Asia Pacific Economic Cooperation], a number of countries have launched massive internal preparations and carried out structural adjustments.

"To cope with this competition, Indonesia should adopt a *prudent* stance, which means we will need not just one or two umbrellas, but perhaps even three umbrellas," Finance Minister Mar'ie Muhammad told reporters following a plenary meeting to discuss the 1995-96 draft state budget in Jakarta on Friday (24 February).

What Mar'ie means by protective umbrellas are sound economic policies, both micro and macro, aimed at stabilizing the national economy.

"I want to stress once again that one or two umbrellas is not enough," he said.

If the first umbrella is leaking, the second one can be used. If the second one leaks, there is still the third one to strengthen the country's defense against free competition in the global economy.

Macroeconomic policies include the country's ability to curb inflation and the current transaction deficit, boost foreign currency reserves, and reduce the *debt service ratio*.

Mar'ie said the economy is comparable to human beings, who must maintain their cholesterol and sugar within safe levels. [passage omitted]

Call for New Electoral System Examined

BK2802051895 Jakarta SUARA PEMBARUAN in Indonesian 22 Feb 95 p 2

[Editorial: "A Sign of Political Deregulation?"]

[FBIS Translated Text] President Suharto has instructed LIPI [Indonesian Council of Sciences] to seek the best electoral procedure or system to be used in Indonesia in the future. The head of state also asked LIPI to propose how many ABRI [Indonesian Armed Forces] members should become representatives in parliament. This means whether their number in parliament should remain unchanged or be reduced.

The head of state also mentioned the issue of ABRI's social and political affairs because there are criticisms about the fact that ABRI representatives in parliament are appointed, not elected. The criticism surfaced despite public acknowledgment of ABRI's role in social and political affairs, which justifies ABRI's presence in parliament. This was disclosed to reporters by Minister-State Secretary Murdiono after he accompanied new LIPI chief Dr. Sofyan Jemikun and former LIPI chief Samaun Samadikun to pay a courtesy call on President Suharto at the Bina Graha presidential office in Jakarta on Tuesday (21 February).

The president's instruction to LIPI indicates that the government, and the head of state in particular, wants to see a general election that is better, more democratic, and more in line with the changing times.

It is true that there is an increasing need for a political deregulation, which concerns the electoral system currently being used in the country. Many observers believe that political deregulation, especially of the electoral system, is badly needed in line with development progress in the past 25 years, which has also enhanced the reasoning power of the people. It is therefore timely if the current electoral system should be reviewed in a scientific manner to find a better and more democratic system that really belongs to the people.

Talking about the electoral system, many observers believe that both the proportional and district systems have their own positive and negative points. In other words, it cannot be said that one system is better than the other. What is important is that an electoral system be suitable to the statecraft, democracy, character, and human values of the nation concerned.

The current proportional system adopted in Indonesia has its own positive and negative points. In this system, what the voters do is elect the political organizations that take part in the election, while these political organizations will decide who should become members of parliament. In this system, voters hardly know the persons who represent them in the legislative assembly. As a result, there is a recent debate whether members of parliament should represent the people who vote for their parties or represent the parties that nominate them to serve in parliament.

The district electoral system also has its positive and negative points. The positive side is that voters have better chance to know people who will represent them at the legislative assembly. In this manner, voters will directly elect their representatives and ensure that the elected representatives will really represent them, instead of representing the political parties. As such, there will be close ties between voters and elected representatives to the extent that elections can be seen as more democratic.

However, the district electoral system is not without its shortcomings, because it will give an opportunity for the election winners to sweep all the seats contested in the elections. This means that other political parties running in the elections may not have any representative in the legislative assembly. If this happens, the pillars of democracy, namely the spirit of togetherness, sense of family, unity, and integrity will no longer exist.

Many people have called for the adoption of the district electoral system in the coming elections. However, in addition to the shortcoming cited above, Minister-State Secretary Murdiono said such a system has not been adopted because people are not ready for it, due to their limited educational background.

In view of the positive and negative aspects of the two electoral systems, people believe that an alternative system should be adopted by merging the two systems, namely by adopting the positive aspects of the two systems.

We also hope that in implementing the presidential instruction, LIPI will act in a really independent manner and reject external views in conducting its study and research activities.

Is the presidential instruction a harbinger to a political deregulation?

Editorial Views Status of High-Tech Industries

BK2802045895 Jakarta SUARA PEMBARUAN in Indonesian 24 Feb 95 p 2

[Editorial: "High-Tech Industries Are Still Unprofitable"]

[FBIS Translated Text] B.J. Habibie, minister of state for research and technology and head of the Agency for Technological Development and Application, conceded that five out of 10 state-owned agencies under the BPIS [Supervisory Board for Strategic Industries] are running at a loss. These include the IPTN [National Aircraft Industry] and PT [Private Company] PAL [Indonesian Navy Industry] and some other high-tech industries. According to B.J. Habibie, the cause for the losses was not due to their unusual products or goods but because goods must be paid for in cash.

Habibie, minister of state for research and technology/head of the Agency for Technological Development and Application, stated this to the press after attending a working meeting with Parliamentary Commission X [Roman ten] on Monday (20 February). According to him, the other foreign technological industries are able to provide export credit facilities. In the aircraft industry, no one will make any payment in cash for any aircraft purchased. As a result, several strategic industries were unable to receive any purchase order. Habibie explained: "If anyone says that the strategic industries have been inefficient, the reason is that there has been no order for a full booking."

In giving consideration to the issue, Finance Minister Mari'e Muhammad stated that in concurrence with the current financial situation, it is difficult for the government to set aside funds for export credit facilities. It would be difficult for Indonesia to place its hope on other countries to play their role by providing export credit facilities for the sale of the CN-235 aircraft. Mari'e Muhammad said this on Tuesday (21 February) when responding to a suggestion made by a parliamentarian during a working meeting with the Commission on State Budget urging the Indonesian Government to provide some form of export credit facilities for the sale of some of its Indonesian-made modern products such as the CN-235 aircraft.

The parliamentary members from the Golkar Party faction considered that two state-owned agencies in the Strategic Industries Development Board, namely the Krakatau Steel and PT Inti as the most inefficient industries compared with the other state-owned counterparts.

Two basic decisions can be made after reviewing the statements made by Minister of Research and Technology Habibie and Finance Minister Mari'e Muhammad during their working meetings with the various parliamentary commissions. First, the existing export credit facilities are considered as the important part in facing the competition in international markets in accordance with the "buy now, pay later" practice.

We believe that in the business world, export facilities are utilized, particularly when it involves the government. Such facilities are given in the form of financial credit assistance by a donor country to the developing nations. For example, Indonesia has been utilizing a number of such facilities in the purchase of goods, particularly capital goods for the construction of infrastructure in the United States, Japan and Europe. It purchases capital goods from countries affiliated within the IGGI/CGI [Intergovernmental Grant on Indonesia/Consultative Group on Indonesia]. As of June 1994, the government total foreign loans amounted to U.S.$59.4 billion, and the export credit facilities amounted to U.S.$13.3 billion or an equivalent of 22.4 percent of the whole amount.

It appears that without the export credit facilities, particularly for the high-tech products, it would be difficult for Indonesia to gain access into the export markets—particularly in the developing countries because apart from being unable to purchase the products on a cash basis, the modern technological products are also very expensive.

However, the wealthy nations do not need export credit facilities because they can make cash payments for their purchases. In other words, utmost consideration should be given to the excellent quality of the product when striking any export transaction with wealthy countries. However, a number of wealthy countries are those with advanced high-tech [preceding word in English] industries producing modern technological products. Exports to the wealthy countries with advanced and high-tech industries are becoming more difficult and highly competitive.

Second, as a developing nation, we cannot determine our state-owned industries operations only on a commercial basis; consideration should be given toward their strategic long-term operation. A projected profit of approximately 8.5 billion rupiah (or about 0.07 percent), as indicated in the data provided by the Finance Department for the fiscal 1995/96 fiscal year, can be considered only minimal compared with the actual amount of 11.2 trillion rupiah consisting of 7.3 trillion rupiah in equity and 3.9 trillion rupiah in loans.

The losses suffered by the IPTN, PT PAL, and some other industries all this while could probably be compensated by an added value which is not insignificant in terms of a technological transfer and human resource development that Indonesia badly needs in its industrialization drive. If the technological transfer succeeds, that will amount to an "advantage" that cannot be simply converted into money.

Evaluation of ABRI's Dual Function Viewed

BK2802051695 Jakarta REPUBLIKA in Indonesian 25 Feb 95 p 11

[FBIS Translated Text] Jakarta—ABRI [Indonesian Armed Forces] Commander General Feisal Tanjung has called on the defense and security forces to be quick in identifying the differences between friends and enemies. He made the call at a symposium attended by the officers of the Army Strategic Command at their headquarters on Thursday [23 February] night.

Gen. Feisal said that under a political system that is based on the Pancasila state ideology, all political forces are partners in their struggle for the country. The differences in the political ideology and perception are always allowed in Indonesia, but they should be within the framework of the Pancasila state ideology and the 1945 Constitution.

Gen. Feisal said normally, the implementation of the defense and security operations had always been carried out with the feeling of animosity, aggression, and use of firearms to cripple and destroy the mental and physical strength of enemies.

On the other hand, the Army Strategic Command officers should not harbor any feeling of animosity while carrying out their sociopolitical activities. "All are comrades in arms in efforts to achieve the national goal. We should not react to the differences in programs and methods adopted out by the opposition group by applying pressure, aggression, force, and making threats against them," Gen. Fiesal said.

We should use rational argumentation and communicative and persuasive approaches when conducting family-like negotiations.

On the occasion, the armed forces commander also discussed the dual function of ABRI. Gen. Fiesal said that in future, the evaluation on the implementation of ABRI's dual function will depend the contemporary national development needs so that ABRI's sociopolitical role can be implemented effectively.

Gen. Feisal said ABRI's sociopolitical role could be improved if the ABRI is actively keeping pace with the latest development progress and the development of the people's aspirations.

Gen. Fiesal told the Army Strategic Command officers that with such an attitude, the people will be more confident about the ABRI's sociopolitical role because it is aimed at protecting the people's interests and to protect the people from suffering.

Moreover, he said that the personal integrity of the ABRI members carrying out the sociopolitical role greatly influence the success of the dual role.

"All sociopolitical activities should reflect the ABRI's trustworthiness, as stipulated in the Sapta Marga oath [in defense of honesty, truth, justice, and in devotion to God almighty] and the the Soldier's Pledge. It should also reflect the fighting soldier's spirit that places the national interest before that of personal or any group," he said.

At the symposium, Minister of Defense and Security Edi Sudrajat delivered talks on democracry. He said that under the era of globalization, Indonesia should continue to expand the democratic life of the people in accordance with the Pancasila Democracy. However, Indonesia should be cautious not to allow its democratic maturity to be affected by the idea of civil supremacy imported from the West.

Edi Sudrajat said all ABRI personnel should be able to create political maturity. The development of the democratic life order should be carried out consistently and be maintained properly.

He said the maturity of the Pancasila Democracy is very essential for the rapid development of economy, which is influenced by the world's free trade and investment system. Due to this, the rapid economic development should be parallel with the development and maturity of democracy, so that one will not leave the other stagnant.

"However, sometimes the democratic maturity is affected by the Western ideas on civil supremacy," the minister said.

Edi Sudrajat said that therefore, it is not surprising if the abolition of ABRI's role in politics is included in discussions on politics. "Sometimes, this is preceded by statements that the security approach is no longer needed," the minister added.

Philippines

Government Freezes Assets of Barings Securities

BK2802073495 Hong Kong AFP in English 0708 GMT 28 Feb 95

[FBIS Transcribed Text] MANILA, Feb 28 (AFP)—The Philippines' Securities and Exchange Commission (SEC) on Tuesday ordered the assets of Baring Securities (Philippines) Inc. frozen following the collapse of its British investment bank principal.

SEC chairman Rosario Lopez told reporters the freeze order on the country's locally-incorporated and number one stock brokerage firm would prevent Baring plc from "overreaching" to its Philippine subsidiary.

"The freezing of assets of Baring will protect the investors," Lopez said.

Derivatives Trade To Undergo Review

BK2802091395 Hong Kong AFP in English 0333 GMT 28 Feb 95

[FBIS Transcribed Text] MANILA, Feb 28 (AFP)—Baring Securities (Philippines) Inc. stayed out of trading for the second Tuesday as the Philippine Stock Exchange (PSE) moved to calm investors' jitters over its collapsed British principal.

The PSE index opened four points higher after diving four percent to 2,484.45 percent following disclosures of the Barings huge losses from derivatives trading in Asia.

However the index moved two points below Monday's closing level after one hour.

"Baring Securities (Philippines) Inc. is an entity incorporated under Philippine laws. It has a corporate personality separate from its grandparent Baring plc," PSE President Eduardo de los Angeles said in a letter to exchange members.

"The exchange will exert all efforts to protect its member Baring Securities (Philippines) Inc and the public from the losses of Baring plc, and it will coordinate with custodian banks, the clearing houses and transfer agents to facilitate the settlement of last week's transactions of Baring."

Baring Philippines voluntarily suspended its trading on Monday, and PSE officials said the firm remained off the floor on Tuesday after assuring the bourse that it has adequate funds to honor buy orders.

Philippine Finance Secretary Roberto de Ocampo told a regional financial conference here the main result of the Baring collapse would be "a thorough review of derivatives before we decide to go into that kind of financial instrument."

He said the government had had been studying allowing derivatives trading in the country, but that "this timely happening will allow us to take lessons."

He added that Manila will "view derivatives with a lot more caution."

De Campo said the Manila stock market had been less affected than others by the crisis "because Baring here is a stock broker using other people's money."

De los Angeles of PSE said Baring Philippines President Gregorio Kilayko had told him most of its transactions were for clients' account, with "only a small fraction" devoted to proprietary trading.

De Ocampo also said the government was taking steps to improve the capital markets, including the introduction of longer term instruments as well as electronic trading of government securities. He did not elaborate.

The official also said the official corporate watchdog Securities and Exchange Commission would be beefing up its disclosure policy for publicly listed firms.

The PSE is evolving into a self-regulatory agency and is preparing to expand its board to include non-brokers, upgrade its computer system and establish a code of conduct for its members, de Ocampo said.

Malaysia Agrees on Use of Border Passes

BK2702094995 Manila BUSINESS WORLD in English 23 Feb 95 p 26

[Report by Conrad M. Carino]

[FBIS Transcribed Text] The Philippines and Malaysia have already agreed on the use of border passes for Filipinos living at the Southernmost tip of Mindanao who wish to travel to selected areas in Sabah, Malaysia.

The Maritime Industry Authority (Marina) said it will be holding an interagency conference in Mindanao next month to formulate a work plan for a "borderless regions in the Southern part of the Philippines, and to gauge the interest of the private sector in the East Asian Growth Area (EAGA).

The EAGA is a growth area composed of the Philippines, Indonesia, Malaysia and Brunei Darussalam.

Marina administrator Paciencia Balbon said the agreement on the use of the border passes will only apply to residents living at the Southernmost tip of Mindanao which includes Tawi-Tawi, Jolo and Sitangkai.

The port cities and municipalities where the border passes can be used include Labuan, Sandakan and Pawau in Sabah.

With the issuance of passes for border crossing, Filipinos intending to travel to the five ports do not have to present passports, visas or any travel documents to Malaysian authorities.

However, the use of the passes will only be limited to one area. Thus if a pass is issued for travel to Sandakan, one cannot go to any other place in Malaysia.

As this developed, Mr. Balbon said his agency will be spearheading an EAGA conference among government agencies to work out a plan for the realization of a "borderless region" encompassing Mindanao and the EAGA's anchor points in Malaysia, Indonesia and Brunei.

The private sector's interest and potential participation in the EAGA will also be tackled in the meeting.

Mr. Balbon said the agencies which will take part in the EAGA conference are the Philippine Ports Authority, Bureau of Customs, Bureau of Immigration and Deportation, Department of Health and the Department of Foreign Affairs.

Among the specific plans to be worked out are the facilitation of custom clearances and vessel dockings at Philippine ports in Southern Mindanao.

Mr. Balbon said his agency has been receiving a lot of feelers from a number of interisland ship operators interested in providing services within the EAGA.

The meeting will specifically to determine what are the areas of interest of the private sector and provide a plan where these can be fitted appropriately in the EAGA workframe.

Last year, the number of vessel operators which have expressed interest in the EAGA was less than 10. Marina sources said this number has greatly increased since then. Brunei has also been making inquiries with Marina as to when Philippine shipping companies can start serving its ports.

At present, Allison Shipping is the only firm providing services within the EAGA. Its two ships, one roll-on/roll-off vessel and a passenger-cargo ship, dock at Sandakan and Labuan, respectively. The home port of the two ships is Zamboanga.

Pakistan To Help in Probe of Abu Sayyaf Link

BK2402144695 Manila PHILIPPINE DAILY INQUIRER in English 20 Feb 95 p 4

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] Fort Del Pilar, Baguio City—The Philippines and Pakistan have agreed to investigate the reported links between Pakistani terrorists and Muslim extremists in Mindanao, Armed Forces Chief Gen. Arturo Enrile said here yesterday.

Enrile said Pakistani Prime Minister Benazir Bhutto agreed to help the Philippine military clear the issue to stop once and for all the "unfounded reports" that Pakistanis have been supporting the Abu Sayyaf, a Muslim extremist group in Basilan.

Enrile said Bhutto assured the Philippine Government she will not tolerate any form of terrorism inside and outside of Pakistan.

Enrile did not say what steps will be taken by the military of both countries to investigate the reports but said this may include an exchange of intelligence information.

Abu Sayyaf chief Abdurajak Abubakar Janjalani—tagged as the most wanted man in the country today with P[pesos]1.5 million reward for his capture dead or alive—is suspected of having some Pakistani connections.

Janjalani reportedly went to Pakistan in the early '80s where he trained in guerrilla warfare. He reportedly later joined the International Islamic Brigade that fought against Soviet troops in Afghanistan.

The AFP [Armed Forces of the Philippines] Southern Command based in Zamboanga City has also been monitoring the activities of Pakistani tourists suspected of providing financial assistance to the Abu Sayyaf.

However, the Pakistani Embassy in Manila had protested what it called as continued insinuation on the possible link between the two groups.

It said Manila authorities could not say whether those suspected of helping the Abu Sayyaf were Pakistanis and cited the arrest in Mindanao last year of some foreigners whose identities remained uncertain because they had no passports.

Investors Assured Climate Unaffected by Spratlys

BK2802065495 Manila BUSINESS WORLD in English 23 Feb 95 pp 1, 9

[Report by Rachel E. Khan]

[FBIS Transcribed Excerpt] The current positive investment climate will not change because of the Spratlys issue, President Ramos assured foreign and local investors yesterday.

"We have enough laws in our country that guarantee viability of foreign investments and we are adopting the peaceful development approach under the Manila Declaration," Mr. Ramos said yesterday during his weekly press conference.

The president said investors need not expect anything beyond "the status quo" as embodied in the Manila-ASEAN Declaration which calls for "a just and peaceful political or legal settlement of sovereignty and jurisdiction over the area."

"We give them (investors) that assurance because we are talking here of the preservation of the status quo ante July 1992 and China is an adherent to that declaration, which is also under the UNCLOS (United Nations Convention on the Laws of the Sea)," he said.

At the same time, the chief executive said he expected the entry of more direct foreign investments rather than investments in the local capital markets. "The Philippines is seen as an emerging capital market but the nature of Philippine investments by foreign nationals and multinationals is that there is some play in the stock exchange but there is greater play in the investments on the ground," Mr. Ramos said.

Mr. Ramos said this situation is more desirable because "if you have in the ground that investments is not easily pulled out unlike in some capital markets which are principally of stock market nature and can be pulled out by a phone call from the fund manager." The president said this situation also made the economy more stable and predictable even as he foresees further investments under the build-operate and transfer program. Earlier, reports noted that investors scared off by the recent Mexican currency crash are about ready to reinvest their funds into emerging markets even as a World Bank study said the Asia-Pacific region, was still the focus of these. [passage omitted]

Manufacturing Sector Posts 5 Percent Hike 1994

BK2802075395 Manila BUSINESS WORLD in English 24 Feb 95 p 16

[Report by Victor V. Saulon]

[FBIS Transcribed Text] Gross value added (GVA) in manufacturing or its net contribution to total production amounted to P190.489 billion last year, the highest level reached in 10 years.

Latest data from the National Statistical Coordination Board (NSCB) show last year's real output went up 5.07 percent from P181.289 billion in 1993. The increment was likewise the most solid growth in the sector in a 10-year span.

While the sector's performance in the past showed growth ranging from as low as 1.81 percent to as high as 9.52 percent from 1986 to 1989, a close look at the national income account figures indicates these years merely marked a period of recovery from a 7.9 percent plunge in 1985. To recall, the country's economy suffered substantial setbacks during those years as a result of political uncertainties.

Moreover, the seemingly good showing in the late '80s was not sustained. The manufacturing sector's output once again dipped in 1990 until 1992 as power shortage hampered growth. 1993 showed signs of recovery and 1994 somehow confirmed those signs.

Compared with the uptrend in the late '80s, production in the past two years was sure and steady. The lowest decline reached was 1.73 percent in 1992. Furthermore, the level reached in 1992 amounting to P179.947 billion was even higher than P169.316 billion and P179.16, billion in 1988 and 1989, respectively.

Last year's growth was largely spurred by increased demand for both consumption and investment goods. The continued supply of power enabled manufacturers to deliver.

Among the sector's subgroups, electrical machinery exhibited the biggest increment of 22.69 percent to P10.651 billion from P8.681 billion in 1993. Nonmetallic mining followed with a 10.71 percent growth to P6.737 billion as construction activities expanded thereby, increasing demand for cement. Beverage industries were third, posting a 10.41 percent hike in output to P7.619 billion.

Food manufactures remained the biggest contributor to the sector's output, accounting for around 36.24 percent share in 1994. Output of food manufactures grew 5.3 percent to P69.038 billion from P66.662 billion in 1993. Other huge contributors to the sector included products of petroleum and coal, footwear and wearing apparel, and chemical/chemical products. Respectively, these accounted for 17.59 percent, 6.41 percent and 6.11 percent of the pie.

Notably, petroleum and coal output showed a reversal from a 0.66 percent drop in 1993.

Of the 20 industry groups of the manufacturing sector, 16 posted growth during the period in review. Of the four that exhibited declines, wood and cork products displayed the biggest drop of 19.42 percent to P2.818 billion. This group, however, accounted for a mere 1.48 percent of the sector's aggregate output.

The manufacturing sector contributed around 71 percent to total industrial output and nearly 24 percent to the country's gross national product.

BOI Investments Surge to P155 Billion 1994

BK2802060895 Manila THE MANILA CHRONICLE in English 23 Feb 95 p 12

[Report by Pinky Sangalang]

[FBIS Transcribed Text] Equity investments in Board of Investments—(BOI)—registered enterprises last year amounted to P[Philippine pesos]155.5 billion, up by a whopping 368 percent from the 1993 total of P34.08 billion.

The surge in investments, according to the BOI, arose from the expansion in foreign investments which was attributed to the improved investment policies, stable political situation and the solving of the energy crisis.

Foreign investors pumped in P61.76 billion into various enterprises, an increase of 324 percent from its year-ago level on the back of a 99 percent rise in investments from the ASEAN member- countries.

The local investors, meanwhile, pumped in P97.78 billion as businessmen scampered to beat the deadline for incentives offered by the government. As a result, the local investments went up by a higher 400.75 percent, indicating renewed confidence.

The country is now attracting more and more foreign investors by its effort to improve investment policies, the national situation, and the energy crisis for which it suffered from during the period of 1992-1993.

In 1992, the foreign investment level amounted to just P7.2 B[billion] of 1992, a period when the country suffered "due to energy crisis, natural calamities and instability in the national situation," a BOI official said.

The Asean countries' investments comprised almost twelve percent of that total foreign investments last year.

Malaysia was the biggest investor in the Philippines, constituting 57.95 percent of the total ASEAN equity investments.

With the expansion of its investments by more than P4 billion (more than 80 percent of Asean growth rate), it exceeded the total equity investment of Japan by P1.508 B.

Malaysia accounted for 6.85 percent of the country's total foreign equity investment while Japan comprised 4.41 percent.

Most Malaysian businessmen/companies have invested their resources in energy-related projects (amounting to P1.918B), tourism-oriented services (P1.664 billion), and infrastructure projects (P.626 billion).

Other Asean countries with large equity investments in the country are Singapore with P1.588 billion, and Thailand with a total of P1.478 billion equity.

The country hopes to strengthen further her economic ties with her neighboring countries to fuel a further growth in investments, BOI said.

Budget Surplus Recorded P18.11 Billion in 1994

BK2402133395 Quezon City MALAYA in English 21 Feb 95 p 11

[FBIS Transcribed Text] The national government posted a budget surplus of P[pesos]18.11 billion last year, 50 percent higher than the P12 billion estimate.

Data from the Department of Finance showed that total revenues reached P335.22 billion while cash disbursements totaled P317.11 billion.

Interest payments continued to account for a big chunk of expenditures at P79.01 billion, second only to personal services at P96.81 billion. Actual interest payments were 13.4 percent lower than the programmed P91.24 billion.

The Bureau of Internal Revenue collected P187.53 billion in revenues and the Bureau of Customs P81.43 billion. Non-tax revenues reached P63.76 billion with privatization proceeds accounting for the bulk at P29.8 billion.

The government also managed to bring down its consolidated public sector deficit to P1.7 billion, against the programmed P37.77 billion. This deficit is equivalent to only 0.1 percent as a percentage of the gross national product against the programmed 2.2 percent.

Finance Secretary Roberto de Ocampo said the fiscal surplus puts the country on a solid foundation. "This means we can move to 1995 in a position of strength," he said.

He noted that this fiscal performance would be crucial in controlling inflation and interest rates.

Boost Noted in Remittances of Overseas Workers

BK2702150095 Manila BUSINESS WORLD in English 23 Feb 95 p 14

[FBIS Transcribed Text] Remittances of overseas contract workers (OCWs) in the first 11 months of 1994 posted a 29.6 percent growth to $2.695 billion from $2.079 billion in the same period in 1993, according to data from the Bangko Sentral ng Pilipinas [Central Bank of the Philippines].

[illegible]ar income from land-based OCWs comprised the bulk. These rose 35.8 percent to $2.28 billion against the $1.675 billion generated in 1993.

Remittances also include salaries and allowances of foreigners employed in local companies whose earnings are remitted to the country. The rise in earnings of these resident aliens also contributed to the overall hike in remittances.

Figures from the Bangko Sentral show earnings of resident aliens grew 60.8 percent to $62.812 million from $41.652 million in the 11- month stretch in 1993.

On the other hand, remittances of sea-based workers dipped 2.08 percent from $358.732 million to $349.724 million in 1994.

The bulk of remitted dollars came from the combined earnings of workers based in the US and Canada amounting to $1.734 billion. This showed a 32.4 percent increase compared with the $1.31 million earned in 1993.

There was a decrease of 18.02 percent is salary remittances from OCWs in the Middle East despite of the continued increase in the deployment of workers to these countries. Total remittances from the region reached $128.136 million against $156.309 million previously.

In the first nine months of 1994, data from the Philippine Overseas Employment Administration (POEA) show Saudi Arabia remained the top destination of Filipinos working abroad.

Meanwhile, Bangko Sentral figures only recorded remittances coursed through commercial banks. Earnings handcarried by acquaintance or sent through other underground means were not taken into account.

Next to OCWs in America, workers in Asia generated $361.447 million, a 150.1 percent increase from $144.626 million in the 11- month period in 1993.

The three Asian countries from which moot of these salary remittances came from were: Hong Kong with $177.230 million; Singapore, $90.866 million and Japan, $70.911 million.

The figures posted by both Hong Kong and Singapore in comparison with the 1993 remittances reflected increases of more than 100 percent.

OCWs in European countries also remained a strong source of dollar earnings for the country. Salary remittances improved from $158.515 million to $237.524 million, reflecting a 49.84 percent increase.

Senate Ratifies Telecommunications Bill

BK2702145895 Manila BUSINESS WORLD in English 22 Feb 95 p 10

[Report by Myra V. Lopez]

[FBIS Transcribed Text] The Senate has ratified the bicameral conference committee report which virtually allows firms to engage in both telecommunication and broadcasting provided they are covered by different franchises.

The measure approved by senators last Monday is a "consolidated" bill reconciling Senate Bill No 11 and House Bill No 14028 both entitled "An Act to promote and govern the development of Philippine telecommunications and the delivery of public telecommunication service."

Section 4 (j) of the bill state that "no single franchise shall authorize an entity to engage in both telecommunications and broadcasting, either through the airway or by cable."

The bill proposes that public telecommunications services be provided by the private sector as the industry's "engine of rapid and efficient growth." As a matter of policy, it calls for a wide ownership base requiring public telecommunications entitles to offer to the public 30 percent of their "aggregate common stocks within a period of five years."

It also prioritizes "areas not yet served" in the expansion of telecommunications network.

The government is directed "to give all the assistance and encouragement to Philippine international carrier." This support is aimed at hastening the interconnection with other countries and access to international communications highways "on a competitive basis."

The government, through the National Telecommunications Commission (NTC), is also prodded to "protect" consumers against telecommunications entities that "misuse" their "monopoly and quasi- monopolistic powers." The bill, however, failed to elaborate or enumerate the circumstances that would constitute an abuse of these powers.

Telecommunication firms are allowed to operate in one or more telecommunications categories. These are the local exchange operator, inter-exchange carrier, international carrier, value-added service provider mobile radio services and radio paging services.

Telecommunications subscribers, meanwhile, are allowed to use terminal equipment as telephone, PABX [private automatic branch exchange], facsimile, data, record, message and other special- purpose or multi-function telecommunication terminal equipments "provided that the type of the equipment is approved by the NTC."

Firms applying for franchises are required to secure first a certificate of public convenience and necessity that has minimum effective period of five years. However, firms wishing to expand their service using "compatible with or homologous to existing or previously approved plant and facilities in the same areas" are not required to apply again.

"The NTC shall exempt any specific telecommunications service from its rate or tariff regulations if the service has sufficient competition to ensure fair and reasonable rates or tariffs," said the bill.

Firms involved in access charge/revenue sharing arrangements are instructed to "negotiate" an agreement with all interconnecting carriers.

Also, players are mandated to keep a separate book of accounts when their service spans more than one category.

Meanwhile, affected telecommunications firms are allowed to continue their present rates and tariffs "until the end of the calendar year of the effectivity of the Act."

Thailand

'No Impact' Expected From U.S.-PRC Accord

BK2702145095 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 27 Feb 95

[FBIS Translated Text] The Commerce Ministry sees no impact on Thailand's trade from the settlement of the trade conflict between China and the United States. Deputy Commerce Minister Chaiyot Sasomsap said the development would have no effect on Thailand's trade, especially the Thai-U.S. textiles trade, for which a quota has already been allocated. Concerning investment, he said Thailand has an advantage because it is situated in the center of the region:

[Begin Chaiyot recording] The government has been doing its job consistently. As we can see, investment applications through the Board of Investment have increased by hundreds of percentage points. Thailand has potential because the country is situated in the center of the region. Geographically speaking, this is in our favor; politically speaking, everyone accepts that fact. I think other countries do not see the U.S.-China settlement leading to any changes. I do not think so. Several factors should be taken into account. In that connection, I think we are second to none. [end recording]

Articles Examine Impact of Barings Collapse

Implications for Market Examined

BK2802032795 Bangkok BANGKOK POST in English 28 Feb 95 p 17

[Report by Wichit Sirirthawiphon, Butsakon Phothasuthon, and Thanom Phiphityakon]

[FBIS Transcribed Text] Thai authorities await more information on how the Bank of England deals with Barings' collapse before they decide whether measures are needed to counter panic on the Thai stock exchange.

Finance Minister Tharin Nimmanhemin yesterday updated the Cabinet on the situation and said the collapse would be taken into account when considering the establishment of a derivatives market in Thailand, expected in three to four years.

Barings is expected to announce structural changes within a couple of days after one of its traders in Singapore triggered financial losses totalling 400 million [currency not specified] through derivatives trading.

The Stock Exchange of Thailand [SET] board yesterday called an urgent meeting to assess the impact of the collapse on the Thai market. But no conclusion could be reached as more information was needed on how the Bank of England and Barings dealt with the case.

Mr Tharin did not rule out measures to raise market confidence if necessary.

The SET index dived yesterday afternoon before rebounding to end down 38.84 points at 1,255.35 in improved turnover worth 6.045 billion baht. The drop was in line with movements in several other Asian markets.

But analysts questioned believe the bank collapse will have a short-term negative impact on the SET.

Although Barings, through Baring Securities, has been one of the three most-active foreign brokers in Thailand, it would be replaced by others if it withdrew from the country, they said.

Officials and brokers believe the Thai authorities will learn a valuable lesson from Barings' case before approval is granted for the establishment of a derivatives market in Thailand.

They expect conservative policies and that liberalisation of the Thai capital and financial markets will be handled more cautiously now.

But a senior executive at Baring Securities (Singapore) brushed aside rumours that Baring Securities would halt its trading.

Mr Tharin said the proposed establishment of a derivatives market in Thailand must be handled with caution to prevent it from endangering the country's financial system.

The market is included in the ministry's financial master plan, endorsed by the Council of Economic Ministers.

Mr Tharin said derivatives markets have been unofficially set up in Thailand without a legal base. The proposed market would need a supervisory body.

Securities and Exchange Commission secretary-general Ekamon Khiriwat said Barings' case had a small impact on the SET because the bank's deposits were raised in Britain.

The SEC was considering details of the local derivatives market to ensure it was not too heavily exposed to speculation to the extent it would damage Thailand's financial market, he said.

Baring Securities (Singapore) Pte Ltd's spokesman, Arthur Napolitano, described as groundless rumours that Barings would close down its operations in Bangkok, saying his group would continue-to invest in Thailand, one of its major investment markets in the long term.

'Short-Term' Impact Expected

BK2802033495 Bangkok BANGKOK POST in English 28 Feb 95 p 17

[FBIS Transcribed Text] Dhana Siam Finance & Securities Plc's share price plunged by 10 percent, the maximum allowable, yesterday after word spread that Barings, the parent firm of its securities trading partner, Baring Securities (Singapore) Pte Ltd, was in deep financial trouble.

Dhana shares dropped 15 baht to 142 baht in trade worth 28.42 million baht, 8.74 percent of the total turnover. Its warrant price plummeted 18.7 percent, losing 54 baht to 234 baht in trade worth 171.14 million baht.

Trading in Dhana stocks was halted at 9:51 a.m. on the grounds its foreign partner's parent firm was in financial trouble. But the sign was lifted at 11:30 a.m.

Analysts questioned predicted Barings' case would have only a short-term negative impact on the Thai market as Barings was only one of several foreign brokers sending orders to Thailand.

"The impact in Thailand will be short-lived. Barings is not a huge principal trader on its own account in Thailand," said Mark Greenwood, executive vice-president of First Asia Securities.

There are basically three aspects to Barings' business: merchant banking, securities and asset management.

"Asset management is very big and very, very profitable. Basically if Barings wishes to save its other operations, selling the asset management business is a possibility," he said.

"Even if it were to end up liquidated, the asset management side would provide a lot of funds to bail out the creditors," he said.

Barings had huge positions in Nikkei futures and it is the Japanese stock exchange which will be affected.

"The impact in Thailand is going to be minimal," Mr Greenwood said.

The Barings episode did not give derivatives a bad name.

"If Thailand had a futures market—a SET [Stock Exchange of Thailand] futures index—the pain would have been less last year," he said.

"The question is: do financial institutions have the controls to take on the risk of dealing in this (derivatives) market?" he said.

Maarten Reuchlin, senior executive vice-president of First Asia Securities Plc, said extreme caution was necessary in derivatives trading and it was essential to have controls in place.

Collapse Discussed

BK2802042295 Bangkok THE NATION in English 28 Feb 95 p B1

[Report by Thanong Khanthong]

[FBIS Transcribed Text] Senior executives of Barings International Ltd and Barings Securities (Singapore) yesterday assured the Thai exchange regulators that Barings will honour all its securities transactions in Thailand in spite of the group's financial collapse.

This followed a morning meeting that lasted about an hour between James Williams, director of Barings International, Arthur Napolitano, a senior executive at Barings Securities (Singapore), and Dr. Prasan Trairatworakun, the deputy secretary-general of the Securities and Exchange Commission [SEC], and his aides.

Ekkamon Khiriwat, the secretary-general of the SEC, went to Government House to help Finance Minister Tharin Nimmanahemin explain to the Cabinet the financial masterplan, a comprehensive blueprint which sets the stage for Bangkok to be a regional financial centre.

The Barings executives said the British firm will honour all of its buying or selling securities orders placed through Thana Siam Finance and Securities Plc, with which it has a technical link. Barings currently has about Bt500 million in sell orders and about Bt300 million in buy orders that have yet to be settled with Thana Siam, according to Prasan.

Since all the portfolios and accounts of Barings have been frozen by the worldwide regulators, Thana Siam will have to offer a helping hand by making payment on behalf of the British firm for all the buy orders as well as retrieving stocks from its own portfolio and lending them to Barings for settlement with clients.

"There should not be any serious impact on the Thai market," Prasan said. "Barings has assured that it will honour all of its buy or sell orders, and besides, both Barings and Thana Siam do not have equity positions with each other. So the damage should not hit us here."

Barings, which is among the top three foreign brokers in the Thai market entered into a technical agreement with Thana Siam last year after it parted bitterly with CMIC Finance and Securities Plc, which felt that the British firm had been taking advantage of it. CMIC ended up signing an agreement with Smith New Court, also a UK stock broking firm.

The future of the 233-year-old British banking group is hanging in the balance, depending on whether it can find a rescuer, after Nicholas William Leeson, one of its traders in Barings' Singapore traded huge volumes of Japanese stock-index futures contracts that led to about US$800 million in losses.

Williams and Napolitano have told the Thai regulators that Barings' huge losses, which exceed its capital fund, was a fraud since Leeson allegedly falsified the document to make it look as if the futures contracts he booked were placed by clients.

In fact, Barings, which uncovered the wrongdoings last Thursday evening, would have to take responsibility for all the 40,000 futures contracts—each with potential losses of US$190,800—accumulated by Leeson. However, Williams and Napolitano told the Thai regulators that Barings remains in the dark about the motives behind the fraud.

Prasan questioned Barings' internal controls and called for tougher regulatory cooperation among the exchange watchdogs to prevent huge positions originating from one firm.

"The question we raised was why an employee could take huge positions outside the scrutiny of the firm's internal controls. Another fall-out from the incident is that the exchange watchdogs should ensure greater controls to prevent the accumulation of big positions," he said.

Barings is maintaining a representative office in Bangkok, a presence that does not allow it to conduct any transactions. All the transactions will have to be conducted through Thana Siam, so its financial collapse should have a minimal effect on the Thai market.

Most hard hit by the financial crisis are Barings Singapore, which originated the futures contracts, Barings Tokyo, an Barings Plc, the holding company, said the Barings executives.

George Morgan, chief representative of HG Asia, indicated that since Barings merely maintains a technical link-up with Thana Siam, the effect on the Thai market should not be significant, and that the other regional markets, where Barings have brokerage seats, are not so lucky.

He said if Barings cannot find a rescuer before the end of this week, chances are high that it will have to eliminate its securities operations altogether. "They might also have to sell their merchant banking operations. But the problem is that the merchant banking and the securities operations go together," he said.

Another investment analyst from a foreign broker said there was a rumour that Morgan Stanley, the US investment banking firm which broke off its mergers talks with SG Warburg in December last year, might be a strong candidate to rescue Barings.

Review of Derivatives Urged

BK2802044095 Bangkok BUSINESS DAY in English 28 Feb 95 p 4

[Editorial: "Time for a Dispassionate Look at Derivatives Risks"]

[FBIS Transcribed Text] It will take some time before the $790 million losses from derivatives trading by Barings in Singapore will be examined in a calm, objective and systematic manner. Meanwhile, news reports are laden with a sense of high drama.

A newswire report states: "Two centuries of prestigious history counted for nothing on Sunday as London banking house Barings, with Queen Elizabeth among its high-class clientele, went broke and called in the receivers. Another report goes for shock value: The shockwaves from Barings derivatives crisis reverberated across Asia Monday, with stock markets tumbling." A report from Malaysia quotes an employee of Barings as saying in regard to Nick Leeson, the 28-year-old general manager and chief trader in Nikkei contracts: "We are frantically looking for him.

Dramatic and shocking though the events may be, this is as good a time as any to start examining the situation dispassionately with a view towards answering the most important question of all: What measures are needed to limit risk exposures on derivatives trading in financial institutions?

The Barings incident is hardly the first wake-up call on the high risks of derivatives trading the world of finance has received. In total amount, Barings losses are less than the derivatives losses of Orange County.

Given the high risk nature of trading in derivatives, the astounding thing about Barings' losses is not that Barings' trader bet the wrong way but that there was the lack of a management control system and procedures for limiting loss exposures. If it is true that one man caused the loss (this matter has yet to be verified), then top management must bear full responsibility for failing to establish proper controls. In other instances where huge losses from derivatives trading were incurred, companies have claimed that control procedures were in place, but that an individual or groups of individuals violated company policies and procedures. It may well be that Barings will invoke this line of defence in the court of public opinion as well as in courts of law.

The larger issue is the extent to which financial institutions entrusted with funds from the public should be allowed to engage in high risk trading to begin with. Laws and regulations on derivatives trading are in an embryonic stage, and passing more laws is not the whole answer. The Barings incident will undoubtedly trigger an avalanche of laws and regulations on derivatives trading in Singapore and elsewhere, but the central problem is that no one quite knows what rules are required on this complex matter.

Better management controls and more laws will help, but in the end financial institutions entrusted with other people's money have to strive for a level of integrity which is beyond reproach. In Barings' case, we will find out in due time whether the shortcomings were organizational or individual. Meanwhile, those of us who have known or dealt with Barings over the years are not likely to let this one terrible mistake change our high regard for Barings past contributions to the world of international finance. We wish to see Barings reclaim its honoured standing.

Cambodian Soldiers Kill 2 in Border Clash

BK2802132695 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 28 Feb 95

[FBIS Translated Text] A report has noted that a clash between Cambodian and Thai soldiers resulted in two Thai rangers killed and several other rangers and civilians wounded.

According to the report, members of Ranger Company 2204, the 23d Ranger Regiment of the Suranari Force, were ambushed by soldiers believed to be Cambodian Government troops while delivering supplies to the Phra Malai pass checkpoint in Sisaket Province. Small arms, machine guns, and rocket-propelled grenades were fired at the supply truck, causing the casualties. A Suranari Force unit sent to rescue the ambushed team become involved in fierce fighting before the Cambodian soldiers retreated back into Cambodia.

A few hours ago, 16 Cambodian artillery rounds were fired into Thai territory at Pha Mo I-daeng, Kantharalak District, Sisaket province, wounding a Thai visitor in the area. The commander of the Suranari Force has reportedly ordered return fire.

The two Thai soldiers killed were Sergeants Wichit Traimat and Wirat Soktha.

Editorial Views Local Impact of Peso Crisis

95SE0112D Bangkok THAN SETTHAKIT in Thai 28-31 Jan 95 p 10

[FBIS Translated Excerpt] The turmoil on Thailand's financial and capital markets, which stems from Mexico's devaluation of the peso and the earthquake in Japan, has forced the Bank of Thailand to inject a large sum of money into the financial system in order to maintain liquidity, which was drying up quickly. Besides this, officials and people in the private sector have joined together to establish a fund to prop up the the stock market and keep the market index from falling too much.

What has happened clearly shows that Thailand's financial markets are not fully mature and that they cannot deal with unusual financial events on their own. Actually, the stock market index should be allowed to rise and fall based on market mechanisms. It shouldn't be necessary to help prop up the market every time there is a crisis. As for the value of the baht, if our financial markets are deep and broad enough, the baht will not be the target of speculators, as was the case when the peso was devalued. [passage omitted]

What happened on the financial and capital markets in the past period is a warning to those units responsible for monitoring monetary and fiscal policy. This includes the Ministry of Finance and the Bank of Thailand. They must take quick steps to develop Thailand's financial and capital markets. This includes such things as establishing debt instrument markets, long-term financial markets, and forward trading markets and promoting domestic savings in various forms.

The decision to open domestic financial and capital markets is like riding a tiger. If you try to get off the tiger, you might get bitten. Thailand must quickly make adjustments so that it can keep from being "bitten." Government leaders must understand and realize the importance of developing capital and financial markets in various forms so that these grow as quickly as possible.

Once our financial markets have grown and matured, Thailand will be free from the dangers stemming from turmoil on international financial markets. Even if the economy is not as strong as it is today, we won't have to worry, because the country will have monetary mechanisms to deal with emergencies on international financial markets.

Improving the financial and capital markets will also make things fair for investors. Because if the markets rise and fall naturally, investors will all have the same chance to make a profit or suffer losses without periodic intervention in the markets. In controlling and overseeing the markets, the state must interfere with market prices as little as possible.

Foreign Minister Departs for Tokyo Meeting

BK2602114795 Bangkok THE SUNDAY NATION in English 26 Feb 95 p A2

[FBIS Transcribed Text] Thailand is willing to channel aid from donor countries in the developed world to Indochina, adapting foreign technology here so that it will be of more use in recipient nations, Foreign Minister Krasae Chanawong said yesterday.

"Sometimes when countries in Indochina receive aid from abroad they find it difficult to use the new technology effectively because of the differences between the local situation and that prevailing in donor nations. Thailand could assist by adapting the technology here first to make it suitable for use in Indochina," Krasae told reporters yesterday before departing for Tokyo where he is to attend the Forum for the Comprehensive Development of Indochina.

Krasae pointed out that Thailand would be an ideal place for transferring technology because of its proximity and similar culture to Laos, Vietnam and Cambodia.

Representatives from 20 countries are attending the three-day conference called to work out ways of providing more development aid to the three countries which only recently began to open their borders to outsiders.

"At the forum, both sides—donors and recipients—will get the chance to learn about each other's needs. The donor countries will indicate what type of assistance they are willing to provide and find out in what direction the recipients would like to see their countries going," Dr Krasae said.

Thailand intends to increase the amount of aid it is currently providing to the three countries especially in the fields of training and human resource development.

Two working groups are expected to set up as a result of the forum—one chaired by the Asian Development Bank which will formulate the basic structure for an aid programme and the second, chaired by the UN Development Programme, which will work out measures to develop human resource in Indochina. The foreign minister said he will take advantage of his trip to Toyko to discuss bilateral cooperation measures with Japanese Deputy Prime Minister Yohei Kono.

Krasae will also visit the city of Kobe to check on how Thai diplomats and residents are faring in the wake of January's devastating earthquake.

Governor, 3d Army Commander on Burma Trade

95SE0112C Bangkok THAN SETTHAKIT in Thai 28-31 Jan 95 p 14

[FBIS Translated Excerpt] [Passage omitted] Mr. Somchet Wiriyadamrong, the governor of Mae Hong Son Province, said that on 9 January, Thailand and Burma agreed to open a border trading point at the Huai Ton Nun Pass in Village 4, Mae Ngao Subdistrict, Khun Yuam District, Mae Hong Son Province, opposite Mae Cho District in Doi Ko Province, Burma. But at present, border trade is very slow. No Burmese merchants are bringing any goods to sell there. Only Thai merchants are bringing goods to sell inside Burma.

The reason for this is that Burma was not ready to open this border point. Thais, on the other hand, wanted to quickly open additional border trading points. There are more than 10 border trading points in Mae Hong Son Province, but trade had not been officially, or legally, approved. The border trading point in Khun Yuam District is the first point to be opened in accord with the law.

"It was Thailand that took the initiative on this. Burma did not do anything except approve the opening of this border point. But they are not prepared. That is, their merchants are not ready, and they have not prepared goods. Even at the opening ceremony, we had to go and get the governor of Doi Ko Province so that he could attend the ceremony. In any event, the opening of this border trading point in Khun Yuam District is considered to be a good sign for border trade in Mae Hong Son District in the future."

Lieutenant General Surachet Dechatiwong, the commander of the 3d Army Region, which played an important role in opening this border point, said that the fighting opposite Mae Hong Son Province has ended. An effort should be made to promote border trade here just as in Mae Sai District in Chiang Rai Province and in Mae Sot District in Tak Province. Those interested can engage in trade whenever they want. They don't have to worry about any fighting.

Sea Boundary Talks Conducted With Vietnam

95SE0105B Bangkok SIAM RAT SAPDA WICHAN in Thai 22-28 Jan 95 p 2

[FBIS Translated Text] Pricha Anthawiphat, director general of the Department of Mineral Resources, said that during the talks between Thai and Vietnamese officials, which were held by the Ministry of Foreign Affairs, an agreement was reached on discussing sea boundaries in the Gulf of Thailand, where boundaries overlap. Both sides agree that the negotiations should be based on reason and legal principles. As for demarcating the sea boundary between Thailand and Vietnam, Thailand's coastline will be much longer than Vietnam's. During the next round of talks, new boundaries will be demarcated based on the relative lengths of the coastlines. Once an agreement on this has been reached, talks will be held on the joint development of the energy sites.

SRV To 'Streamline' Foreign Investment Process

BK2502140795 Bangkok BANGKOK POST in English 25 Feb 95 p 15

[Report by Phanrawi Tansuphaphon and Woranan Khrongbunying in Laem Chabang]

[FBIS Transcribed Text] Vietnam aims to streamline foreign investment procedures.

It will smooth the way for investment applications by merging small ministries or state agencies, according to State Committee for Cooperation and Investment vice chairman Nguyen Nhac.

Mr Nhac revealed the plan to Thai and foreign investors on the final day of "Greater Mekong Subregion Business" workshop at the BoI [Board of Investment] fair.

The plan is likely to go before Vietnam's National Assembly and People's Council for approval soon.

Foreigners will no longer have to waste time at many ministries, he says, citing a merger of the Heavy and Light Industry and Energy ministries as one possibility.

The government has set up different state cooperatives for major industries such as electricity, coal, cement, petroleum and steel, to help share the workload of related ministries.

"This will enable the ministries to spend time on drafting master plans, national policy and various business and investment laws," Mr Nhac says.

Hanoi will need about US$50 billion investment, of which foreign direct investment is estimated at $18-20 billion, to double its gross domestic product by the year 2000. GDP is now growing at 8.5 percent a year.

Vietnam is developing laws on foreign investment. In recent years, the government has signed an agreement on investment encouragement and protection with 25 countries and agreements on avoidance of double taxation with eight nations.

Prime Minister Vo Van Kiet last year signed a decree making marked changes to regulations governing foreign investment in Vietnam, creating "one-stop" to obtain licences from the investment and cooperation committee and streamlining procedures to obtain land use and construction permits.

Mr Kiet signed a decree on new regulations for industrial zones. These are more liberal than the previous regulations on export processing zones.

The new rules reduce projects from three to two categories and cut the need for long procedures through various ministries.

Projects in the new A grade, requiring approval by the premier only, must have more than US$40 million investment capital. A final licence will be obtainable within 60-65 days of the applications's being lodged. The new B grade, for projects with smaller capital, can be approved by chairman of the investment and cooperation committee.

Many Thai participants in yesterday's discussion expressed concern about the "incredibly high" price of land in Vietnam.

But Mr Nhac says the Finance Ministry last year introduced new regulations on rental of land and marine areas. Land rents have been cut 25 percent and the Vietnamese government will lower them further.

The government is also drafting new laws on land, focussing on mortgage of land and other property. Public hearings will be held nationwide before the laws are announced.

Mr Nhac says business and investment contracts signed before the new investment laws become effective will not be affected. These include memorandums on projects which have yet to be licensed.

But problems surrounding revocation of fishery contracts with Thai companies are a different story. The contracts were cancelled because the joint ventures were not successful for many reasons, he says, such as Thai counterparts failing to follow the terms of the deal or requesting changes.

Defense Minister Meets With SRV Counterpart

BK2802090495 Bangkok Radio Thailand Network in Thai 0530 GMT 28 Feb 95

[FBIS Translated Text] After a meeting with SRV National Defense Minister General Doan Khue, Thai Minister of Defense General Wichit Sukmak reported that the discussion dealt mostly with the strengthening of ties among all the countries in Southeast Asia, especially on security maintenance.

The Thai defense minister stressed the country's policy on Cambodia, which supports the elected government only and not the Khmer Rouge. However, Gen. Wichit wants to see developments in the economic, social, and other fields in the countries of this region, including Vietnam.

In addition, Wichit also extended his congratulations on the reestablishment of diplomatic ties between Vietnam and the United States.

The Vietnamese defense minister thanked Thailand for accepting Vietnam as a member of ASEAN. On the Spratly Islands issue, he said Vietnam wants the conflict to be settled through peaceful negotiations.

Committee To Liberalize Natural Gas Trade

BK2702150195 Bangkok THE NATION in English 27 Feb 95 p B2

[Report by Pichaya Changson]

[FBIS Transcribed Text] Prime Minister's Office Minister Sawit Phothiwihok will set up a new subcommittee to help implement plans to lift restrictions on the natural gas trade.

As chairman of the Energy Policy Committee, Sawit aims to liberalize the petroleum industry. The new committee is part of his plan to end the Petroleum Authority of Thailand (PTT)'s monopoly of the natural gas trade.

This follows recent government success in liberalizing the electric industry. The Electricity Generating Authority of Thailand (Egat) has allowed private sector participation in electricity production through the Independent Power Producers programme.

Although the government has already freed petroleum retail prices, PTT has managed to maintain control in petroleum trading activity. This is because reserves privileges to sell its products to many government agencies.

Dr Piyasawat Amaranan, Secretary General of the National Energy Policy Office, said Sawit's move to liberalize natural gas trading activity is "the major priority" of all energy policies this year.

The committee, to be chaired by Permanent Secretary of Industry Siwawong Changkhasiri, will also consist of officials from related agencies such as the National Economic and Social Development Board, the Finance Ministry and PTT. Dr Piyasawat will act as secretary general of the sub-committee.

As well as liberalization of the natural gas trade, the sub-committee will also work on how to best re-organize the structure of the PTT, Dr Piyasawat added.

Under the natural gas liberalization plan, the government will allow natural gas concessionaires to sell their products directly to the customers, without going through PTT. This could, for the first time, allow the private sector to construct, and invest in, the natural gas pipeline on its own.

At last week's meeting, the Energy Policy Committee also endorsed a proposal from Egat to buy 300 megawatts of electricity from Malaysia. The purchase price, however, has yet to be determined.

The committee has assigned Egat to find out which Malaysian agency will be responsible for the trade, because there was uncertainty as to who would be the Malaysian representative.

The Malaysian source is expected to cover the increasing electricity needs of southern Thailand. Though the south's electricity supply has been recently increased by the new Khanom electricity plant, demands are expected to surpass it capacity by the year 1997.

Cabinet To Weigh Insurance Sector Reforms

BK2702151395 Bangkok PHUCHATKAN in Thai 27 Feb 95 pp 1, 2

[FBIS Translated Text] According to a Commerce Ministry source, the ministry is expected to propose to the cabinet this week some regulations and conditions on the establishment of life and nonlife insurance companies to encourage expansion of the insurance sector and enhance its ability to compete against the expected increased presence of foreign insurance companies.

The basic conditions will remain unchanged. That is, life insurance companies must have registered and paid-up capital of at least 500 million baht, and 300 million baht will be necessary for nonlife insurance companies. A financial or bank guarantee will be required to ensure financial stability and available capital for future expansion.

There will be a measure to discourage sale of operating licenses. License holders will be prohibited from selling or transferring the license for three years after establishment of their firms, except for the purpose of business expansion. In this case, the shares sold must not exceed 25 percent of total shares.

New licenses will be given to Thais first to boost competition, thus lowering premiums and improving service for the benefit of consumers. Foreigners will be given opportunities to participate in insurance joint ventures as they are expected to bring new technology to help modernize the local insurance sector. Foreign participation also achieves compliance with the GATT.

GATT has tried to campaign for Thailand to liberalize the services sector, including the opening of foreign bank branches and greater foreign shareholding in securities and insurance firms. GATT has sought approval for foreigners to be able to hold 49 percent of the shares in insurance companies, but Thailand has tried to allow gradual liberalization to enable Thai firms to adjust and gain enough strength to withstand competition. Meanwhile, opportunities are given to foreign firms to participate in new joint insurance ventures.

The source noted that many Thai firms have submitted requests for insurance licenses since the news about insurance liberalization surfaced. They are: the Charoen Phokphan Group, Sahawiriya, the Petroleum Authority of Thailand, Chinnawat, and politicians interested in the insurance sector. Sources in the insurance circle say the new firms will basically serve clients in their individual corporate circles.

Report Outlines Air Force Reorganization Plan

95SE0112A Bangkok MATICHON in Thai 18 Jan 95 pp 1, 15

[FBIS Translated Excerpt] [Passage omitted] An Air Force report revealed that the Air Force's reorganization plan has been approved by Supreme Command and the Ministry of Defense. The next step is for the Air Force to formulate a summary organizational plan and submit this to the Directorate of Joint Operations, which will consider the suitability of the plan and whether this will require additional money and forces. This must be done this week.

The report stated that after the Directorate of Joint Operations considers this, the matter must be submitted to the Ministry of Defense once more. After that it will be submitted to the cabinet, which must approve the Air Force reorganization. If everything proceeds as planned, the matter will be submitted to the prime minister for presentation to the king sometime in 1995.

"Commanders understand the intention behind this Air Force reorganization," said a new source.

The report stated that the reason why the Air Force is doing this is that it wants to upgrade its combat capabilities. The new structure will reduce the number of command levels, leaving a suitable number to control things. At present, there are up to 30 units that are directly subordinate to the Air Force commander-in-chief [RTAF CINC]. After this reorganization, there will be only 18 such units. This will reduce the workload of the RTAF CINC and facilitate issuing orders.

The report stated that this reorganization calls for combining jobs of a similar nature. There will be three main units: 1) The commander will be responsible for setting policy, formulating plans, and developing the Air Force in accord with the situation. 2) The three commands, that is, the Operations Command, the Air Force Support Command, and the Education and Training Command, will be responsible for implementing Air Force plans in the units concerned. 3) The special operations unit will be responsible for carrying out missions as stipulated in accord with royal decrees.

The report stated that all combat units will be subordinate to the Operations Command in order to facilitate issuing orders in keeping with the situation. The units that will be subordinate to this command include Air Divisions 1-4, the Flight Training School, the Directorate of Air Operations Control, and the RTAF Security Force.

The Support Command will oversee service units such as the Directorate of Civil Engineering, the Directorate of Armament, and the Directorate of Transportation. The Education and Training Command will be in charge of all education and training activities. This includes the High-Level Air Force Technical Institute, the RTAF

Academy, and the Directorate of Education and Training. This command will be in charge of personnel affairs.

The report stated that the idea of reorganizing the Air Force came into being during the time that Air Chief Marshal [ACM] Woranat Aphichari was the RTAF CINC. But real action on this wasn't taken until after ACM MR [royal title] Siriphong Thongyai became RTAF CINC. One of the reasons for the delay in implementing this program was that the names of the commands to be established were changed several times. Besides this, the air force also asked permission to establish a new unit, that is, the Office of Technology, which is directly subordinate to the RTAF CINC. This office collects data on the air force for senior commanders.

"The Office of Technology compiles various data using computers, including intelligence, operations, and logistics data, for analysis. The information is then submitted to commanders so that they can make decisions in keeping with the situation. Such data include how many aircraft are available for operations on any given day, how many days it will take to repair an aircraft, and what parts are needed and the quantity needed. Or if the air force wants a group captain to serve as an assistant military attache, we can bring up data to help the commander view the qualifications of each person. This is a very modern way of doing things. All large operations and businesses, such as Thai Airways International, use such a system. The Australian and American air forces use this system, too," said the news source. He added that this reorganization will facilitate reshuffling officers.

Child Prostitution, Labor Problems Continue

95SE0105A Bangkok ATHIT in Thai 20-26 Jan 95 pp 38-42

[FBIS Translated Excerpt] [Passage omitted] Montri Sinthawichai, the secretary general of the Child Protection Foundation, said that the family and other respected institutions of children are collapsing because of "capitalism," which makes no distinction between rich and poor or between the educated and the uneducated. Capitalism has infiltrated every household. And the word "tradition" and the teaching that children should obey and respect their parents and elders are things that have helped seal the fate of children.

The day that he became prime Minister, Chuan Likphai stated that he would give special attention to the problem of child prostitution. He has frequently stated that child prostitution must be stopped. To solve this problem, he and the government want to extend compulsory education from six years to nine years. Or put simply, they want to keep children in school as long as possible.

His statement that child prostitution must be stopped was made two years ago. But it wasn't until just recently that Nakhon Nayok Province was said to be the first prostitute-free province. The other 76 provinces still haven't managed to eliminate prostitution and must continue to deal with the "adjustments" made by the child prostitution rings, which are trying to get around the government's measures.

"Temporary" child prostitutes and "itinerant" child prostitutes are new forms of child prostitution. Wanchai Bunpracha explained that "temporary child prostitutes" refers to children and students who sell their bodies whenever they need money. But they do not work as prostitutes on a regular basis. Recently, he went along when Suppression Division police raided the A-Go-Go Bar on Patpong Road. Four of the girls working there were vocational students ages 15, 16, and 17 (two girls). They danced there and were available to spend the night with customers. They said that they came to work here whenever they needed money."

Montri Sinthawichai has found that the problem of prostitution among "children of primary-school age" has increased greatly. He feels that this is the most dangerous trend at present. This also indicates that the belief that "education" will help ease the problem of child prostitution and eventually end this problem is not in line with the "realities" of society. [passage omitted]

Those who use the services of child prostitutes include both common laborers and prosperous workers. They meet these children at both their homes and at good hotels.

Furthermore, because of the resolute "suppression" policy of the police, which is based on the government's policy, those involved in the child prostitution business have adjusted the way they carry on their business. This has made it more difficult to arrest these people and made it difficult to provide help. Concerning this, Wanchai Bunpracha said that "in 1994, we don't know if the number of child prostitutes declined or not. The number of requests for help in getting out of brothels declined. But what has happened is that the forms of child prostitution have become so complex that it is difficult to provide help. What we have found is that the owners of brothels no longer keep the child prostitutes at one location. Instead, they keep the children at other locations. When officials raid a brothel, the owners are able to move the children quickly. In particular, child prostitutes are frequently moved from one brothel to another by selling them to different brothels. They no longer stay at one brothel. If a parent informs us that his or her child is working at a particular brothel, when we go there, we rarely find the child and have no idea where the child is. But the child hasn't returned home."

But the most worrisome trend and the thing that is becoming a major problem is that, while the number of child prostitutes who have been forced into prostitution has declined, the number of child prostitutes who have "voluntarily" entered this business has increased. This seems to wreak the theory that "lack of education" leads to people being tricked into this or forced into this by their parents. The most likely reason why children are voluntarily selling their bodies is that they are poor. This is the root of the problem. People have long been saying that the main cause of child prostitution is poverty, not lack of education. As the country develops and the number of poor people increases, it will become more and more difficult to solve the problem of child prostitution.

At the 1995 Seminar on Children, Thirphan Sukrakanchana, the head of the Roadside Foundation, and Woranglakon Chenhat, the secretary general of the Child Life Foundation, showed pictures concerning the problems of itinerant children and child labor, problems which they say are becoming more and more serious.

In the past, itinerant children were found mainly in Bangkok and Pathaya. But now, there are a large number of such children in other provinces.

In 1994, the data show that the number of itinerant children from the south, that is, Songkhla, Nakhon Sithammarat, and Surat Thani provinces, has increased greatly. In the past, there were very few such children there. People are trying to determine the cause of this. Some think that it's because more and more of the places where they live and work have fallen into the hands of financiers. Others think that this has to do with the government's policy of promoting tourism in the south.

Besides itinerant children, the number of itinerant families has increased, too. Some villages are like "itinerant" villa[illegible] That is, the entire village moves. Children are forced to beg and work as prostitutes. There is also the problem of fathers abusing their children.

In 1995 the number of itinerant children in large cities such as Saraburi, Chachoengsao, and Rayong will increase. And what is worth keeping an eye on is Chiang Mai, which will host the Southeast Asian Games. That may cause the number of itinerant children there to increase.

The number of itinerant children in the "middle class" is increasing. They rent houses where they take drugs, engage in sex, and work as prostitutes in order to obtain money to wander about and buy drugs.

The number of itinerant children of foreign laborers, such as laborers from Burma and Bangladesh, is increasing.

Drug use in the Patpong area has shifted from sniffing glue and thinner to using heroin. In the provinces, such as in Udon Thani Province, people are experimenting with new types of drugs, such as mixing 3K glue with alcohol and inhaling this.

The routes used by itinerant children change frequently and so it is difficult to monitor them. Some foreigners have posed as volunteers and opened guest houses for itinerant children in the suburbs before sending them abroad. Officials are looking into this to see what their intentions are.

Child laborers are still being oppressed and exploited like slaves. Adult laborers are now being paid a higher minimum wage. Data obtained last year show that large companies are using child laborers in the agricultural sector, such as on large farms in Saraburi and on sugar cane plantations. In the industrial sector, child laborers are working in small factories in large provinces. This includes furniture factories, sausage plants, snooker halls, and golf courses. In Pathaya and Rayong, children can also work as prostitutes.

The problems discussed above clearly show that the problems are becoming more and more serious. This includes everything from child prostitution and child labor to sexual abuse, physical mistreatment, and abandonment. It might be thought that these problems affect mostly poor, low-class children. But such problems are now affecting more and more children from wealthy, high-class families and children from middle-class families. This is reflected in a study conducted by the National AIDS Prevention Committee on 22 December 1993. It was found that 67 percent of the respondents between the ages of 15 and 19 had engaged in sexual relations with different partners. That figure "startled" Prime Minister Chuan Likphai. [passage omitted]

Vietnam

Hanoi Reinforces Troops on Spratlys

OW2802090795 Tokyo KYODO in English 0842 GMT 28 Feb 95

[FBIS Transcribed Text] Hanoi, Feb. 28 KYODO—Vietnam has reinforced its troops stationed on the Spratly Islands in the South China Sea to cope with China's move to occupy the disputed islands, Vietnamese Defense Ministry sources said Tuesday [28 February].

The sources said China has started construction work on the Spratlys, a group of small islands in the central part of the sea, and that Vietnam has increased both its soldiers and weapons in the area by 50 percent.

The sources declined to specify the number of soldiers or weapons already deployed there.

Vietnam and China dispute the sovereignty of the islands along with Taiwan, the Philippines, Malaysia and Brunei.

Tension has mounted between the two countries since China recently sent several battleships close to the area, they said.

Commentary Views PRC Presence in Spratlys

BK2802112295 Hanoi Voice of Vietnam in English 1000 GMT 28 Feb 95

[Station commentary]

[FBIS Transcribed Text] The Philippines has given new proof on Chinese escalating activities over Truong Sa, Spratly Archipelago. Meanwhile, the world public continue reacting this Chinese activity. Here is our radio editor's comment:

Earlier in February, the Philippines already denounced Chinese military activities on Vanh Khan Island, known as Mischief, in the Spratly Archipelago. Over the last few days, Manila has given evidence showing that China not only constructed (?steel) project in Mischief Island but also captured some Philippine fishermen. The Philippine Government has presented newsmen in Manila a number of photos about an area four or five [word indistinct] construction project on steel piers.

Philippine minister of defense, Mr. De Villa, further said that Chinese flag had been hoisted over these buildings while three large ships, five smaller ships, and some boats carrying Chinese flags were hovering in the surrounding seas.

Mr. De Villa describes them as Chinese warships. Of the first type were landing warships each could carry about (?200) persons and is equipped with 57 mm and 25 mm mortars. Of the second type were escort ships for submarines which were equipped with mines. One photo shows a ship with a large port for the landing of helicopters.

Meanwhile, many Japanese papers also carried articles on these Chinese activities. SANKEI SHIMBUN in its 22 February issue also held that with these military acts China wants to broaden its hegemony over the Spratly Archipelago in a strategic way. At the same time, the American paper CHRISTIAN SCIENCE MONITOR in its 23 February issue compared these Chinese activities with an invasion.

The world public is very concerned with this event and is afraid that it would cause tension in the region. That is why Indonesia has issued a statement calling on related countries to peacefully solve this dispute. The deputy assistant to the U.S. secretary of state also proposed a solution to this issue by peaceful means with respect to the Manila agreement signed in 1982 on Truong Sa, Spratly Islands.

A spokesperson for the Vietnamese Foreign Ministry has also reaffirmed Vietnam's sovereignty over this archipelago and highlighted its stand on solving any disputes by peaceful means and opposing any acts of land-grabbing which make the situation more complicated and against the trend of peace, stability, cooperation, and development in the region.

Labour Minister's PRC Visit Recapped

BK2702093995 Hanoi VNA in English 0633 GMT 27 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 27—Minister of Labour, Invalids and Social Affairs Tran Dinh Hoan paid a visit to China from Feb. 20-27 as guest of Chinese Minister of Labour Li Boyong.

The minister and his entourage were received on Feb. 24 by Zou Jiahua, Politburo member of the Chinese Communist Party Central Committee and deputy premier, who spoke of China's on-going cause of renovation and open-door policy and its achievements and problems to be solved in employment and other social fields. He pointed to the need for China and Vietnam to promote their exchange of experience in this field.

Earlier the Vietnamese labour minister and his Chinese counterpart held talks on issues of mutual concern. They signed minutes on agreement in bilateral cooperation and exchange of experience in labour and employment.

The delegation also worked with the Chinese Ministry of Civil Affairs and visited a number of vocational training and employment establishments in Beijing, Shanghai and Tianjin.

Defense Ministry Delegation Visits Burma

Meets With Counterparts

BK2502090695 Hanoi VNA in English 1456 GMT 24 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 24—A delegation of the Defence Ministry led by Gen. Doan Khue is paying an official visit to Myanmar [Burma].

On Feb. 23, Gen. Khue and his party were received by Prime Minister and Minister of Defence Gen. Than Shwe, who welcomed the visit as a fine manifestation of the friendship and solidarity between the two peoples and their armies.

For his part, Gen. Khue expressed his belief that the Vietnamese military delegation's visit to Myanmar would contribute to the consolidation of the time-honoured friendship between the two armed forces and for the interest of both nations and for peace, stability, cooperation and development in Southeast Asia and the Pacific.

The same day, the Vietnamese delegation held talks with a delegation of Myanmar's Defence Ministry. During the talks, the two sides exchanged views on the social, economic situations, the foreign policies and the building of armed forces and the relations between the two countries. They expressed their satisfaction at the fine development of the friendship between the two armies, which, they said, would make contributions to consolidating the traditional relations between the two countries.

Later, the Vietnamese guests visited some defence industry establishments, the Navy command headquarters and the Navy College of Myanmar.

Group Returns From Burma

BK2702151995 Hanoi VNA in English 1413 GMT 27 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 27—Defence Minister Doan Khue, and his party left Yangon [Rangoon] this afternoon concluding their five-day official visit to Myanmar [Burma].

While there, the Vietnamese delegation was received by Gen. Than Shwe, chairman of the State Law and Order Restoration Council, prime minister, defence minister and Gen. Maung Aye, vice chairman of the council and vice commander-in-chief and other senior officials and officers. The delegation held talks with a delegation of the Myanmar army, visited a number of the army's establishments and toured some places of interest in the country.

Ministerial-Level Trade Talks Begin With Cuba

PA2702220495 Havana PRENSA LATINA in Spanish 1136 GMT 27 Feb 95

[By Roberto Gili]

[FBIS Translated Text] Hanoi, 27 Feb (PL)—Cuban sources have confirmed that today in Hanoi Vietnam and Cuba began official ministerial-level talks on bilateral trade relations and their prospects into the year 2000.

The first day of talks, which focused on the current trade situation, was presided over by Le Van Triet, Vietnamese minister of commerce and tourism, and Cuban Foreign Trade Minister Ricardo Cabrisas.

Cuban representatives informed PRENSA LATINA that initial steps were taken on the protocol that will govern the structure of trade between Hanoi and Havana in 1996.

Both delegations also examined the possibility of establishing new forms of trade exchanges for the period between 1996 and 2000.

According to the same source, the Vietnamese reiterated their plans of solidarity towards Cuba, without losing sight of each country's conditions and the difficulties they are facing.

The source said that Le Van Triet explained Vietnam's current economic situation and prospects, whereas Cabrisas reciprocated with a report on Cuba's current situation and its efforts to overcome its current difficulties.

Cabrisas described the recovery of sugar and food production as key elements for his country's economic take-off.

Cabrisas also acknowledged that Vietnam has supplied Cuba with the promised rice, which has considerably eased the problems caused by Cuba's limited rice production.

The Vietnamese delegation also includes Vice Minister Mai Van Dau; Nguyen Thai Binh, assistant director general of the department for Europe, America and international organizations; Nguyen Van Tien, and Nguyen Tinh Dung, trade policy and legal specialist respectively from the Commerce and Tourism Ministry.

The Vietnamese delegation also includes Government Office Secretary Nguyen Minh Hoan.

In addition to the foreign trade minister, Cuba is represented by Vice Minister Pedro Alvarez, Director Hugo Del Pino, and Evelio Duenas.

The Cuban delegation is formed by Lila Concepcion, department chief at the Foreign Investment and Economic Cooperation Ministry; Tania Maceira, ambassador to Vietnam; and Antonio Carricarte, commercial adviser at the Cuban embassy in Vietnam.

Cabrisas and his entourage met on Monday afternoon with Minister of Agriculture and Food Industry Nguyen Cong Tan and will meet tomorrow with Public Health Minister Nguyen Trong Nhan and Energy Minister Thai Phung Ne.

The Cuban mission is also scheduled to meet with leaders of the Vietnam Fatherland Front, Vietnam's main mass organization, which last year led a broad solidarity campaign that concluded with the delivery, free of cost, of 20,000 tons of rice to Cuba.

National Assembly Leader Visits Czech Republic

BK2702045995 Hanoi VNA in English 1501 GMT 26 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 2 [dateline as received]—A delegation of the National Assembly led by Chairman Nong Duc Manh arrived in Prague last weekend for an official visit to the Czech Republic as guest of his Czech counterpart Mr. Milan Uhde.

On Feb. 24, guest and host held talks, during which the two sides informed each other of the progress of each country made since the meeting between the two chairmen last year. Chairman Nong Duc Manh expressed his thanks for the effective assistance of the Czech people to the Vietnamese in their national liberation and construction, and affirmed that his visit is aimed to futher promote and develop the friendship and cooperation between the two countries in general and two legislatures in particular. He said that Vietnam wished to strengthen the cooperation with all nations, including the Czech Republic and other countries which have traditional relations.

Chairman Uhde highly valued the achievements recorded by the Vietnamese people in recent years. On the Czech-Vietnamese relations, he said that their two-way trade value was still low, and it should be raised and the Czech Republic hoped to make investment in Vietnam. In the evening, Chairman Uhde gave a banquet in honour of the Vietnamese delegation. The same day, it was received by Foreign Minister Josef Zieleniec.

Algerian Trade Minister Makes Working Visit

Discusses Bilateral Cooperation

BK2402132595 Hanoi VNA in English 0626 GMT 24 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb.24—Prime Minister Vo Van Kiet received Sassi Aziza, Algerian minister of commerce, yesterday during the minister's working visit to Vietnam.

Aziza met with his counterpart, Le Van Triet to discuss bilateral cooperation on issues of commerce. Specifically, Vietnam and Algeria may export their products to other countries in the region, using one another's territories as layover points for their products. The official also discussed issues concerning agriculture, investment and oil exploration.

Aziza informed Kiet of the Algerian Government's decision to change Vietnamese debts into investment capital. He expressed his government's interest in forthcoming accords on investment and liberal tax levies creating a legal basis for a mutually beneficial trade relationship between the countries in the future.

Received by Vice President

BK2502090795 Hanoi VNA in English 1456 GMT 24 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 24—Vice President Nguyen Thi Binh received here today an Algerian delegation, led by Minister of Commerce Mr Saci Aziza, which has been here since Feb. 21 for a working visit.

Mrs. Binh welcomed the Algerian delegation's visit as a fine demonstration of the time-honoured friendship and cooperation between the two countries.

Mr. Aziza informed Mrs Binh of Algeria's socio-economic situation and the results of his talks with Vietnamese Minister of Commerce Le Van Triet. Both sides, he said, discussed measures to further promote the bilateral cooperation, particularly in economic and commercial fields.

The delegation paid a floral tribute to the late President Ho Chi Minh at his mausoleum.

Assembly Delegation Reaffirms Ties With Belgium

BK2502090595 Hanoi VNA in English 1450 GMT 24 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 24—A delegation of the National Assembly of Vietnam led by its Chairman Nong Duc Manh has paid a two-day official visit to Belgium.

While there, the Vietnamese delegation was received and given a banquet by Belgian Senate President Mr Frank Swaelen and Vice President of the Chamber of Representative Mr D. Ducarme. It also had working sessions with other senior MPs of the Belgian parliament and met with the president of the Belgian Enterprisers' Association.

Chairman Manh welcomed their desires to promote trade and investment cooperation with Vietnam and expressed his sincere thanks to the Belgian Government and people for their multi-sided assistance to and cooperation with Vietnam and said that Vietnam wished to expand its multi-faceted relations with Belgium with a view to developing the mutual understanding and the friendship between the two people.

For their part, the Belgian host welcomed the Vietnamese delegation and expressed their belief that the delegation's visit would contribute to the promotion of the friendship and cooperation between Belgium and Vietnam.

Belgian Minister Erik Derycke noted with satisfaction at the result of the implementation of bilateral programmes and said Belgium and Vietnam are expected to sign some more cooperation projects, which, in his words, reflect Belgium's determination to continue promoting the bilateral ties.

Earlier the Vietnamese delegation had meetings with many senior officials of the European Parliament who expressed their hope that the visit would help further enhance the mutual understanding and cooperation between the two sides.

The Vietnamese delegation left Brussels today, concluding its visit to the European Parliament and Belgium.

Tran Duc Luong Receives New Zealand Minister

BK2702151795 Hanoi VNA in English 1413 GMT 27 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 27—Deputy Prime Minister Tran Duc Luong received here this morning New Zealand Minister of Business Promotion Roger Maxwell, who is now on a visit to Vietnam.

The deputy prime minister hailed Mr. Maxwell's visit and his participation in cooperative activities including training workshops on product quality control in Hanoi and Ho Chi Minh City. He expressed his belief that New Zealand would assist Vietnam in forestry, animal husbandry, and environment protection which the country possesses great potential. As the Vietnamese Government encourages the development of farming-styled animal breeding, assistance from New Zealand in the field is needed, the deputy prime minister said, adding that as far as the commerce is concerned, New Zealand may serve as a bridge for Vietnam and South African market in the near future.

Mr Luong expressed his confidence that the friendly and multi-sided cooperative ties between the two countries would be further strengthened and developed.

For his part, the New Zealand minister affirmed his government's support to companies and organisations to do business with Vietnam. He held that the exchange of experience on economic development was useful for both countries and hoped that more and more Vietnamese goods would soon enter into the world market.

Vietnam Maritime Safety Agency Established

BK2402161895 Hanoi VIETNAM INVESTMENT REVIEW (Vietnam Shipping Times Supplement) in English 30 Jan-12 Feb 95 p 1

[FBIS Transcribed Text] The Vietnam Maritime Safety Agency (VMS), under the Maritime Department of Vietnam, was recently formed from a combination of two maritime safety companies, in north and south Vietnam.

The VMS will be responsible for ensuring maritime safety in Vietnam's territorial waters, continental shelf, and exclusive economic zone—a maritime area of responsibility on the East Sea three times as large as the whole national territory.

The VMS is authorized by the State to provide information on maritime safety, to act as an investor, and to perform feasibility studies for construction of maritime safety infrastructure projects.

In 1995, the VMS will concentrate on improving a maritime safety system on routes leading to Haiphong, Hon Gai and Cai Lan ports. It will concentrate on the route to Saigon Port, Vietnam's busiest, to allow ships to sail its length at night.

Minister Urges Development of Marine Sector

BK2702093795 Hanoi VNA in English 0701 GMT 27 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb 27—Development of the sea economic sector is one of the most important tasks to be done in developing the national economy in the years to come, said senior government officials at a meeting ended here yesterday.

Among those present at the two-day meeting chaired by Deputy Prime Minister Tran Duc Luong were chairmen and vice chairmen of the people's committees of 26 cities and provinces lying along the coastal line of the country.

Participants at the meeting reviewed sea economic activities in recent years and discussed directions and measures to develop the sector from now to the year 2010 with the aim to best exploit sea potentials such as sea foods, navigation, oil and gas, tourism, trade and other services. To this end, investment should be made to modernize and upgrade the facilities in these areas, and legal system improved to pay the way for active, strong and reasonable exploitation of the sea.

Addressing the meeting, Deputy P.M. Tran Duc Luong urged relevant agencies to exert more efforts to develop the sea economic sector in close connection with the work of national defence, thus making the best use of the sea potential to the national programme of modernisation and industrialisation.

Foreign Management Allowed for Joint Ventures

BK2402120295 Hanoi Voice of Vietnam in English 1000 GMT 23 Feb 95

[FBIS Transcribed Text] Joint ventures in Vietnam are now allowed to hire management from foreign companies.

This was stated in a circular issued by the State Committee for Cooperation and Investment, or the SCCI. The package contract for the hiring of management personnel comprises of operation, management, and project exploration, all of which must be approved by the SCCI. [sentence as heard]

State Bank Encourages Remittances From Overseas

BK2802092495 Hanoi VNA in English 0652 GMT 28 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 29—The governor of the State Bank has issued a new decision on Vietnamese remittances as follows:

Overseas Vietnamese and Vietnamese who are working or studying abroad can now open current accounts or deposit hard currencies at any bank which has been licensed to deal in trading foreign currencies in Vietnam. All this capital and interest can be transferred abroad.

Vietnamese who receive remittances from abroad can also open current accounts or deposit foreign currencies at any of the above mentioned banks. Foreign currencies deposited in current accounts or saving accouts can be withdrawn in foreign currencies or Vietnamese dong at the request of the clients.

The State Bank encourages overseas Vietnamese and Vietnamese who are studying and working abroad to send foreign currencies to Vietnam to help their relatives and contribute to building the country, and seeks to create favourable conditions for them.

The decision is effective from February 23.